

Regular Session, 2009

HOUSE BILL NO. 404

BY REPRESENTATIVE KLECKLEY

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

INSURANCE: Provides for technical recodification of the Louisiana Insurance Code

AN ACT

To amend and reenact R.S. 22:2, 3, 11, 12, 14(A)(introductory paragraph) and (4) and (B), 16, 18, 19, 21, 23(A), (B), (C), and (D)(2), 24, 31, 32(A)(introductory paragraph) and (1)(f) and (j), (B), (C), and (E), 33(A)(introductory paragraph), 41(6) and (13), 43(B)(2), 46(1), (4), (5), (7), (8), (9)(b), (c), and (d), (11), (12), (13), and (15), 47(2), (3), (6), (8), (10)(b), (12), and (13)(a), 48(A), 61, 62(7) and (11), 63, 65(11)(c), 67(C), 68(C)(1), 69, 71, 72(C), 73, 81, 82(B), (C)(1)(a) and (b), and (D), 86, 88, 91, 94, 96(A), 111, 112(B) and (D), 116, 117, 119, 120(6), 124, 132(A), (B), and (D), 133, 135, 141, 142(C), 143(A)(4), 146(B), 148, 149, 150, 161(B), 165, 168, 171, 172, 175(introductory paragraph), 176, 177(B), 183, the title of Subpart G of Part I of Chapter 2 of Title 22 of the Louisiana Revised Statutes of 1950, R.S. 22:191 through 194, 195(A) and (B)(1) and (2), 196, 197(A), 198 through 202, 204, 206, 208, 210(introductory paragraph), 211 through 215, 216(A) and (B), 236(11), 236.3(A), (B), and (D), 236.4(A), 242(3), (6), and (7), 243(D)(1) and (E)(3), 247, 249, 250(B), 252(C)(3) and (4), 254(C)(1), 255, 256(A), 260(A), 262(C), 266, 270(A), 272(F), 290(introductory paragraph) and (6), 310(A)(2), (B), and (D), 313, 331, 332(A)(4), 333(B) and (C), 337(A)(18) and (B), 340(A)(introductory paragraph), 347(D)(1), 361(4) and (5), 364(introductory paragraph) and (1), 365(A) and (C) through (F), 369(2) and (4), 371(A), 381(3), 384(introductory paragraph) and (1), 385(C), (D), and (E), 388.1, 393(A), 409, 413, 432, 433(A), 434,

1 435(B)(1)(a) and (b), (D), and (H)(1)(introductory paragraph) and (2), 436(A),
2 (D)(2), and (G), 437, 438(A), 439(B) and (C), 440, 441(A)(3), (B), (C), and (D),
3 442(A), 443(A)(introductory paragraph) and (B), 445, the Title of Subpart P of Part
4 I of Title 22 of the Louisiana Revised Statutes of 1950, 451, 453(A), 455, 456, 457,
5 460(B) and (C), 461(A), (F), (G), (H), and (I), 465, 466, 467, 469(A), 481,
6 482(3)(introductory paragraph) and (12)(g)(ii), 483(A), 484(B)(1) and (2), (D)(1)
7 and (2)(introductory paragraph), (H), and (K), 485(introductory paragraph), 490,
8 491(A) and (C), 492, 493, 494, 498(B), 511(B), 512(5), (6), (7), (8), (14), (16), and
9 (17)(b)(introductory paragraph), 513, 515(C)(1)(introductory paragraph) and (b),
10 517, 518, 519, 520(A)(introductory paragraph) and (7) and (B), 521(A)(introductory
11 paragraph), (B), and (D), 522, 523, 524, 525, 526(A), 527, 528(1) and (2), 529, 530,
12 531(A), 532(A)(introductory paragraph), (1)(introductory paragraph) and (a) and
13 (3)(b) and (B)(2), (3)(b), (d), and (k)(introductory paragraph) and (ii), 533, 534,
14 536(A)(introductory paragraph) and (2), (B), and (D), the Title of Part II of Chapter
15 2 of the Louisiana Revised Statutes of 1950, R.S. 22:551, 552(2), (4), and (5), 553,
16 554(A), (B), and (D), 555, and 556(A), (B), (C), and (D), 571, 572, 574(B)(1) and
17 (D), 583, 584(A)(4), (5)(a)(i), (b)(introductory paragraph), and (h), (6), (9), (13), and
18 (18)(b), (B), (D)(1)(b), (G)(2), (3), and (6), (L)(2), and (N), 586(B)(introductory
19 paragraph), 588(A)(5), 589(A) and (B), 590(A), 593, 596, 598(introductory
20 paragraph) and (8), 599(5), 601(F)(1), 611(4) and (11)(b), 613(A)(2) and (B)(1),
21 615(B), 616(B), 617(introductory paragraph), 618(A), 619(A), 620(C), 631(4) and
22 (6), 634(A)(introductory paragraph) and (1), (B)(introductory paragraph) and (1) and
23 (2), and (C)(1), 635(A)(introductory paragraph) and (1), (6)(b), and (8),
24 (B)(introductory paragraph), and (C)(1), 636(A)(introductory paragraph) and (1) and
25 (B), 637(A)(introductory paragraph) and (1) and (B), 638(2)(b) and (3), 651(D)(1),
26 654(A)(1), 661, 672, 673, 674(A)(3) and (B), 693(B)(2)(introductory paragraph),
27 694(D)(1)(introductory paragraph), 696(C), 699, 701, 703(A)(1)(b),
28 704(B)(2)(a)(introductory paragraph) and (b), 709(B), 710, 714, 715, 722, 723,
29 731(A)(3), 751(E)(introductory paragraph) and (F), 752(A), (B)(1), and (D)(1),

1 753(B)(1)(a), (b), (e), and (f),(2)(introductory paragraph) and (ii), (iii), and (v),
 2 (3)(a), (b)(i) and (ii), (c)(introductory paragraph) and (iii), (d)(iii) and (iv),
 3 (4)(a)(introductory paragraph), (b), and (c), (6)(a), (8)(b), (9), and (10), 754, 763,
 4 768, 769, 770, 771, 781(C), (I)(3), and (J), 791 through 796, 802, 809(A), 821, 831,
 5 832(A) and (B), 833(A), (B), and (C)(1), 834(B)(1) and (2), 835(A) and (C), 838,
 6 839, 840, 842, 844, 845, and 846(A) and (B); to enact R.S. 22:46(19), (20), and (21),
 7 74, and 971.1; and to repeal R.S. 22:15, 22, 32(A)(1)(h), 49, 64(C), 65(5) and (7),
 8 169, 246(D), 261, 435(B)(5), 454(E), 469(D), 487, 497, 554(E), 584(A)(16), 595,
 9 724, 751(E)(5), 753(B)(2)(b), and Chapter 14 of Title 22 of the Louisiana Revised
 10 Statutes of 1950, comprised of R.S. 2271 through 2277; all relative to technical
 11 recodification of the Louisiana Insurance Code, including correction of citations,
 12 updates of terms and language, reorganization of provisions, elimination of obsolete
 13 or ineffective provisions, and harmonizing of inconsistent provisions; and to provide
 14 for related matters.

15 Be it enacted by the Legislature of Louisiana:

16 Section 1. R.S. 22:2, 3, 11, 12, 14(A)(introductory paragraph) and (4) and (B), 16,
 17 18, 19, 21, 23(A), (B), (C), and (D)(2), 24, 31, 32(A)(introductory paragraph) and (1)(f) and
 18 (j), (B), (C), and (E), 33(A)(introductory paragraph), 41(6) and (13), 43(B)(2), 46(1), (4),
 19 (5), (7), (8), (9)(b), (c), and (d), (11), (12), (13), and (15), 47(2), (3), (6), (8), (10)(b), (12),
 20 and (13)(a), 48(A), 61, 62(7) and (11), 63, 65(11)(c), 67(C), 68(C)(1), 69, 71, 72(C), 73,
 21 81, 82(B), (C)(1)(a) and (b), and (D), 86, 88, 91, 94, 96(A), 111, 112(B) and (D), 116, 117,
 22 119, 120(6), 124, 132(A), (B), and (D), 133, 135, 141, 142(C), 143(A)(4), 146(B), 148, 149,
 23 150, 161(B), 165, 168, 171, 172, 175(introductory paragraph), 176, 177(B), 183, the title of
 24 Subpart G of Part I of Chapter 2 of Title 22 of the Louisiana Revised Statutes of 1950, R.S.
 25 22:191 through 194, 195(A) and (B)(1) and (2), 196, 197(A), 198 through 202, 204, 206,
 26 208, 210(introductory paragraph), 211 through 215, 216(A) and (B), 236(11), 236.3(A), (B),
 27 and (D), 236.4(A), 242(3), (6), and (7), 243(D)(1) and (E)(3), 247, 249, 250(B), 252(C)(3)
 28 and (4), 254(C)(1), 255, 256(A), 260(A), 262(C), 266, 270(A), 272(F), 290(introductory
 29 paragraph) and (6), 310(A)(2), (B), and (D), 313, 331, 332(A)(4), 333(B) and (C),

1 337(A)(18) and (B), 340(A)(introductory paragraph), 347(D)(1), 361(4) and (5),
2 364(introductory paragraph) and (1), 365(A) and (C) through (F), 369(2) and (4), 371(A),
3 381(3), 384(introductory paragraph) and (1), 385(C), (D), and (E), 388.1, 393(A), 409, 413,
4 432, 433(A), 434, 435(B)(1)(a) and (b), (D), and (H)(1)(introductory paragraph) and (2),
5 436(A), (D)(2), and (G), 437, 438(A), 439(B) and (C), 440, 441(A)(3), (B), (C), and (D),
6 442(A), 443(A)(introductory paragraph) and (B), 445, the Title of Subpart P of Part I of Title
7 22 of the Louisiana Revised Statutes of 1950, 451, 453(A), 455, 456, 457, 460(B) and (C),
8 461(A), (F), (G), (H), and (I), 465, 466, 467, 469(A), 481, 482(3)(introductory paragraph)
9 and (12)(g)(ii), 483(A), 484(B)(1) and (2), (D)(1) and (2)(introductory paragraph), (H), and
10 (K), 485(introductory paragraph), 490, 491(A) and (C), 492, 493, 494, 498(B), 511(B),
11 512(5), (6), (7), (8), (14), (16), and (17)(b)(introductory paragraph), 513,
12 515(C)(1)(introductory paragraph) and (b), 517, 518, 519, 520(A)(introductory paragraph)
13 and (7) and (B), 521(A)(introductory paragraph), (B), and (D), 522, 523, 524, 525, 526(A),
14 527, 528(1) and (2), 529, 530, 531(A), 532(A)(introductory paragraph), (1)(introductory
15 paragraph) and (a) and (3)(b) and (B)(2), (3)(b), (d), and (k)(introductory paragraph) and
16 (ii), 533, 534, 536(A)(introductory paragraph) and (2), (B), and (D), the Title of Part II of
17 Chapter 2 of the Louisiana Revised Statutes of 1950, R.S. 22:551, 552(2), (4), and (5), 553,
18 554(A), (B), and (D), 555, and 556(A), (B), (C), and (D), 571, 572, 574(B)(1) and (D), 583,
19 584(A)(4), (5)(a)(i), (b)(introductory paragraph), and (h), (6), (9), (13), and (18)(b), (B),
20 (D)(1)(b), (G)(2), (3), and (6), (L)(2), and (N), 586(B)(introductory paragraph), 588(A)(5),
21 589(A) and (B), 590(A), 593, 596, 598(introductory paragraph) and (8), 599(5), 601(F)(1),
22 611(4) and (11)(b), 613(A)(2) and (B)(1), 615(B), 616(B), 617(introductory paragraph),
23 618(A), 619(A), 620(C), 631(4) and (6), 634(A)(introductory paragraph) and (1),
24 (B)(introductory paragraph) and (1) and (2), and (C)(1), 635(A)(introductory paragraph) and
25 (1), (6)(b), and (8), (B)(introductory paragraph), and (C)(1), 636(A)(introductory paragraph)
26 and (1) and (B), 637(A)(introductory paragraph) and (1) and (B), 638(2)(b) and (3),
27 651(D)(1), 654(A)(1), 661, 672, 673, 674(A)(3) and (B), 693(B)(2)(introductory paragraph),
28 694(D)(1)(introductory paragraph), 696(C), 699, 701, 703(A)(1)(b),
29 704(B)(2)(a)(introductory paragraph) and (b), 709(B), 710, 714, 715, 722, 723, 731(A)(3),

1 751(E)(introductory paragraph) and (F), 752(A), (B)(1), and (D)(1), 753(B)(1)(a), (b), (e),
2 and (f),(2)(introductory paragraph) and (ii), (iii), and (v), (3)(a), (b)(i) and (ii),
3 (c)(introductory paragraph) and (iii), (d)(iii) and (iv), (4)(a)(introductory paragraph), (b), and
4 (c), (6)(a), (8)(b), (9), and (10), 754, 763, 768, 769, 770, 771, 781(C), (I)(3), and (J), 791
5 through 796, 802, 809(A), 821, 831, 832(A) and (B), 833(A), (B), and (C)(1), 834(B)(1) and
6 (2), 835(A) and (C), 838, 839, 840, 842, 844, 845, and 846(A) and (B) are hereby amended
7 and reenacted and R.S. 22:46(19), (20), and (21), 74, and 971.1 are hereby enacted to read
8 as follows:

9 §2. Insurance regulated in the public interest

10 A.(1) Insurance is an industry affected with the public interest and it is the
11 purpose of this Code to regulate that industry in all its phases. Pursuant to the
12 authority contained in the Constitution of Louisiana, the office of the commissioner
13 of insurance is created. It shall be the duty of the commissioner of insurance to
14 administer the provisions of this Code. The term of office of the commissioner shall
15 be four years and said officer shall be elected at the election for governor and other
16 state officers.

17 (2) The commissioner shall appoint a chief deputy commissioner and also
18 an assistant to the commissioner, both of whom shall serve at his pleasure and whose
19 salaries and duties shall be fixed by him.

20 (3) The chief deputy commissioner shall have the authority to perform all the
21 acts and duties of the office of the commissioner of insurance in the absence of the
22 commissioner of insurance, in case of his inability to act, or under his direction.

23 ~~B. The duties and functions relating to insurance heretofore vested in and~~
24 ~~attached to the office of the Secretary of State by authority of Section 20 of Article~~
25 ~~V of the Constitution of Louisiana and all duties and functions relative to insurance~~
26 ~~matters heretofore performed by the secretary of state are hereby transferred to the~~
27 ~~office of the Commissioner of Insurance created by this Code. No compensation~~
28 ~~shall be paid to the secretary of state in connection with insurance matters after the~~
29 ~~effective date of this Code.~~

1 C. ~~All books, papers, records, moneys, choses in action, and any other~~
2 ~~property heretofore used or possessed by any agency or person in the exercise of the~~
3 ~~duties and functions hereby transferred shall be transferred to and become the~~
4 ~~property of the office of the commissioner of insurance created herein.~~

5 ~~All fees, revenues, appropriations, dedicated revenues and other funds having~~
6 ~~to do with insurance matters heretofore under the authority of any agency or person~~
7 ~~in the exercise of functions hereby transferred, are hereby transferred to the office~~
8 ~~of the commissioner of insurance.~~

9 D. ~~All employees heretofore engaged in the performance of duties, in any~~
10 ~~agency, in the exercise of functions transferred by this Code shall be transferred with~~
11 ~~such functions to the office of the commissioner of insurance and, so far as~~
12 ~~practicable, shall continue to perform the duties heretofore performed.~~

13 E. ~~Upon the transfer of functions, any pending or unfinished business shall~~
14 ~~be taken over and completed by the commissioner of insurance, with the same power~~
15 ~~and authority as the agency from which the functions are transferred. The~~
16 ~~commissioner of insurance shall be the successor in every way to the agency from~~
17 ~~which such functions are transferred, and every act done in the exercise of such~~
18 ~~functions by the commissioner of insurance shall be deemed to have the same force~~
19 ~~and effect under any provisions of law in effect as if done by the agency from which~~
20 ~~such functions are transferred. Whenever any agency from which functions are~~
21 ~~transferred is referred to, or designated by any law or contract or other document,~~
22 ~~such reference or designations shall be deemed to apply to the commissioner of~~
23 ~~insurance. Whenever the secretary of state is referred to, or designated by any law~~
24 ~~or contract or other document, such reference or designation shall be deemed to~~
25 ~~apply to the commissioner of insurance.~~

26 F. ~~In addition to any other authority granted by this Title, the Department of~~
27 ~~Insurance is hereby authorized to regulate the coordination of medical, surgical, and~~
28 ~~hospital benefits of a self-insurance plan with such benefits of any other insurance~~
29 ~~plan. For purposes of this Subsection, a self-insurance plan shall be defined as any~~

1 plan by a person, partnership, corporation or other organization, or the state of
2 Louisiana, other than a domestic or foreign insurance company which has qualified
3 with the Department of Insurance, which provides or contracts to provide coverage
4 as a self-insurer for his or its employees, stockholders, or any other persons. This
5 Subsection shall not apply to: (1) the Office of Group Benefits, or (2) any plan of
6 a labor organization or fraternal organization to the extent that it provides benefits
7 to its members or the immediate family of its members, which benefits are
8 supplemental to an employer-sponsored benefit plan.

9 G.(1) Notwithstanding any other provision of law to the contrary, any entity
10 issuing or providing coverage in this state for health care services, whether the
11 coverage is by direct payment of or reimbursement for expenses incurred for such
12 services, or otherwise, shall be presumed to be subject to the jurisdiction of the
13 commissioner of insurance, unless the entity shows that, while providing the
14 coverage, it is subject to the jurisdiction of another department or agency of the state,
15 or any political subdivision of this state, or of the federal government.

16 (2) An entity providing or issuing coverage for health care services in this
17 state as described in Paragraph (1) of this Subsection may show that it is subject to
18 the jurisdiction of another department or agency of this state, any political
19 subdivision of this state, or the federal government by submitting to the
20 commissioner of insurance the appropriate certificate, license, or other document or
21 documentary evidence issued by such other governmental entity that authorizes or
22 qualifies it to issue or provide such coverage.

23 (3) Proof of jurisdiction by such other governmental agency shall be
24 submitted to the commissioner of insurance prior to the issuance or provision in this
25 state of any coverage as described in this Subsection. The commissioner of
26 insurance may take any action as may be authorized in this Title to enforce the
27 provisions of this Subsection.

28 (4) Any entity that fails to show that it is subject to the jurisdiction of any
29 other governmental entity as described in this Subsection shall be subject to all

1 ~~appropriate provisions of this Title and shall submit to an examination by the~~
2 ~~commissioner of insurance to determine its organization and solvency and whether~~
3 ~~it is in compliance with the applicable provisions of this Title.~~

4 ~~H. In addition to any other powers granted by the Louisiana Insurance Code,~~
5 ~~the commissioner of insurance is hereby empowered to promulgate any rule or~~
6 ~~regulation necessary to meet the requirements for the accreditation of the Louisiana~~
7 ~~Department of Insurance under the National Association of Insurance~~
8 ~~Commissioners, Financial Regulation Standards and Accreditation Program. Such~~
9 ~~implementation shall be subject to the legislative oversight of the Senate and House~~
10 ~~Committees on Insurance in accordance with R.S. 49:968.~~

11 ~~†~~ B. The commissioner shall maintain, as confidential, any document or
12 information received from the National Association of Insurance Commissioners,
13 insurance department of other states, international, federal, or state law enforcement
14 agencies, and international, federal, or state regulatory agencies with statutory
15 oversight over the financial services industry, which is confidential under the law of
16 the state that sent the document or the applicable laws and regulations of the federal
17 agency. The commissioner may provide documents or information, including
18 otherwise confidential documents or information, to state, federal, or international
19 law enforcement agencies, to the National Association of Insurance Commissioners,
20 insurance departments of other states, or to other state, federal, or international
21 regulatory agencies with statutory oversight over the financial services industry,
22 including but not limited to the Louisiana Office of Financial Institutions, if the
23 recipient agrees to maintain the confidentiality of those documents which are
24 confidential under the laws of this state. The sharing of confidential or privileged
25 information in accordance with this Subsection shall not be deemed a waiver of any
26 privilege or claim of confidentiality in the documents, materials, or information. The
27 commissioner is authorized to use such documents, materials, or other information
28 in the furtherance of any regulatory or legal action brought as part of the
29 commissioner's official duties.

1 ~~¶ C.~~ The commissioner of insurance shall assess every insurer subject to the
2 jurisdiction of the Department of Insurance, as provided by law.

3 ~~¶ D.~~ Subject to the exceptions contained in Article VII, Section 9 of the
4 Constitution of Louisiana, all monies, funds, proceeds, and fees except for insurance
5 premium taxes, and dedicated funds for the Municipal Police Employee's Retirement
6 System, Sheriff's Pension and Relief Fund, and the Firefighters' Retirement System
7 received or collected by the commissioner under the provisions of this Title shall be
8 deposited immediately upon receipt into the state treasury and shall be credited to the
9 Bond Security and Redemption Fund.

10 E. The commissioner of insurance shall have the authority to make
11 reasonable rules and regulations, not inconsistent with law, to enforce, carry out, and
12 make effective the implementation of this Code.

13 §3. Composition of Department of Insurance

14 The Department of Insurance shall be comprised of the office of the
15 commissioner, the office of management and finance, the office of property and
16 casualty, the office of receivership, the office of licensing and compliance, the office
17 of financial solvency, the office of consumer advocacy, the office of health
18 insurance, the division of legal services, the division of public affairs, the division
19 of minority affairs, and any other office or division that may be included by the
20 Executive Reorganization Act or other law. Each office or division shall be
21 administered as prescribed by Titles 36 and 39 of the Louisiana Revised Statutes of
22 1950.

23 ~~§11. Compliance with Code required; rules~~ Rules and regulations by commissioner

24 ~~No person shall be authorized to transact or shall transact a business of~~
25 ~~insurance in this state without complying with the provisions of this Code.~~

26 A. The commissioner of insurance may promulgate rules and regulations that
27 he determines are necessary for implementation of this Title. Such implementation
28 shall be subject to the legislative oversight of the House of Representatives and
29 Senate committees on insurance in accordance with R.S. 49:968.

1 B. In addition to any other powers granted by the Louisiana Insurance Code,
 2 the commissioner of insurance is hereby empowered to promulgate any rule or
 3 regulation necessary to meet the requirements for the accreditation of the Louisiana
 4 Department of Insurance under the National Association of Insurance
 5 Commissioners, Financial Regulation Standards and Accreditation Program. Such
 6 implementation shall be subject to the legislative oversight of the Senate and House
 7 Committees on Insurance in accordance with R.S. 49:968.

8 §12. Insurer~~;~~ qualification required; compliance with Code required

9 No person shall act as an insurer in this state unless properly qualified as an
 10 insurer of a type permitted under the provisions of this Code. No person shall be
 11 authorized to transact or shall transact a business of insurance in this state without
 12 complying with the provisions of this Code.

13 * * *

14 §14. Violations reported by employees; retaliation by insurer prohibited

15 A. Any insurer transacting business in this state is prohibited from penalizing
 16 any of its employees for reporting to the commissioner of insurance or other
 17 appropriate authorities, in good faith, a suspected violation of this Code, or any law
 18 in ~~Title 22 of the Louisiana Revised Statutes of 1950~~ this Title relative to required
 19 reserves, capital, assets, deposits, minimum and operating surplus, investments, and
 20 separate accounts of entities regulated by the Department of Insurance, illegal
 21 discrimination against a person, or other prohibitory provisions that provide criminal
 22 penalties for their violation, or any rule with criminal sanctions adopted by the
 23 commissioner of insurance. For purposes of this Section, "penalize" or "penalizing"
 24 shall include:

25 * * *

26 (4) Threatening to take any of the actions described in Paragraphs (1)
 27 through (3) ~~above.~~ of this Subsection.

28 B. Whenever the commissioner of insurance, a state agency, or law
 29 enforcement agency conducts an investigation based upon a written sworn report or

1 with the participation of an employee as provided in this Section, it may not disclose
2 the identity of the employee without the employee's consent. If it is determined that
3 such disclosure is required for an administrative proceeding or criminal prosecution
4 based upon the findings of the investigation, then the person or entity conducting the
5 investigation shall notify the employee prior to disclosure of the employee's identity.
6 Any proceeding or hearing by the commissioner of insurance under this Section shall
7 be conducted in accordance with Chapter 12 of this Title, R.S. 22:2191 et seq.

8 * * *

9 §16. Failure to comply with written orders or directives; penalties

10 If any insurance company or rating organization fails to comply with a
11 written directive or order issued by the commissioner of insurance pursuant to this
12 Subpart within thirty days of the issuance thereof, the commissioner may levy and
13 receive a fine of up to twenty-five thousand dollars. The penalty shall not be
14 imposed until such time that the commissioner makes a finding that the penalty is
15 warranted in a proper hearing, held in the manner provided in Chapter 12 of this
16 Title, R.S. 22:2191 et seq.

17 * * *

18 §18. Suspension or revocation of insurers' licenses; fines

19 A. The commissioner of insurance may refuse to renew, or may suspend, or
20 revoke the certificate of authority of any insurer violating any of the provisions of
21 this Code, or in lieu of suspension or revocation of a license duly issued, the
22 commissioner may levy a fine not to exceed one thousand dollars for each violation
23 per insurer, up to one hundred thousand dollars aggregate for all violations in a
24 calendar year per insurer, when such violations, in his opinion, after a proper
25 hearing, warrant the refusal, suspension, or revocation of such certificate, or the
26 imposition of the fine. The commissioner of insurance is authorized to withhold
27 fines imposed under this Section. Such hearing shall be held in the manner provided
28 in Chapter 12 of this Title, R.S. 22:2191 et seq.

B. The commissioner may deny, refuse to renew, suspend, or revoke any certificate of authority of any health insurer that writes a ~~sub-line~~ limited benefit line of health insurance or otherwise issues a health policy in the same ~~sub-line~~ limited benefit line in the state or for a citizen of the state within five years after it has ceased to write such ~~sub-line~~ limited benefit line of health insurance in the state. A ~~sub-line~~ limited benefit line of health insurance means a specified form of health benefit coverage ~~including but not limited to cancer, credit health, dental, disability income, dread disease, hospitalization, long-term care medical expense insurance.~~ as defined in R.S. 22:47(2)(b)(i).

10 §19. Duration of licenses

11 All licenses issued to foreign or domestic insurers of any kind, including
12 fraternal benefit societies, ~~agents, sub-agents, solicitors, brokers,~~ producers, and all
13 other persons, shall remain in effect until cancelled, suspended, revoked, or the
14 renewal thereof refused, provided all requirements of this Title relating to such
15 insurers or persons are met.

16 * * *

17 §21. Agreement on ~~agents'~~ producers' compensation prohibited

18 No insurer shall enter into any combination or agreement with another insurer
19 to prevent its legally authorized ~~agents~~ producers and representatives in this state
20 from accepting a higher compensation than that paid by any party or parties to such
21 agreement.

22 * * *

23 §23. Exclusive use of expirations

A.(1) Except as otherwise provided herein, for purposes of soliciting, selling, or negotiating the renewal or sale of insurance coverage, insurance products, or insurance services, an insurance ~~agent or insurance broker~~ producer shall have the exclusive use of expirations, records, or other written or electronic information directly related to an insurance application submitted by or an insurance policy written through an insurance ~~agent or insurance broker~~ producer. No insurance

1 company, managing general agent, surplus lines insurance broker, wholesale broker,
2 third party administrator, or residual markets including but not limited to the
3 Louisiana Automobile Insurance Plan, the Louisiana Joint Reinsurance Plan, or the
4 Louisiana Insurance Underwriting Plan, shall use such expirations, records, or other
5 written or electronic information to solicit, sell, or negotiate the renewal or sale of
6 insurance coverage, insurance products, or insurance services to the insured, either
7 directly or by providing such information to others without the express written
8 consent of the insurance ~~agent or insurance broker~~ producer.

9 (2) Such expirations, records, or other written or electronic information may
10 be used to review an application, issue a policy, or for any other purpose necessary
11 for placing such business through the insurance ~~agent or insurance broker~~ producer.
12 Such expirations, records, or other written or electronic information may also be used
13 for any other purpose which does not involve the soliciting, selling, or negotiating
14 the renewal or sale of insurance coverage, insurance products, or insurance services.

15 B. This Section shall not apply:

16 (1) When the insured requests, individually or through another ~~agent~~,
17 producer, that the insurance company renew the policy or write other insurance
18 business.

19 (2) When the insurance ~~agent~~ producer has, by contract, agreed to act
20 exclusively for one company or group of affiliated insurance companies, in which
21 case the rights of the ~~agent~~ producer shall be determined by the terms of the ~~agent's~~
22 producer's contract with that company or affiliated group.

23 (3) When the ~~insurance agent or insurance broker~~ producer is in default for
24 nonpayment of premiums or other monies due and owing for which the agent is in
25 default under the ~~insurance agent's or insurance broker's~~ producer's contract or other
26 agreement with the insurer, unless there is a legitimate dispute as to monies owed.

27 (4) When the agency contract is terminated and the insurance company is
28 required by law to continue coverage for the insured; however, in that event, the
29 insurance company shall continue to pay the ~~insurance agent or insurance broker~~

1 producer commissions on such policies that the company is required to renew during
2 the thirty-six month period following the effective date of the termination or three
3 years, whichever is sooner. The commission shall be at the insurer's prevailing
4 commission rates in effect on the date of renewal for that class or line of business in
5 effect on the date of renewal for ~~brokers or agents~~ producers whose contracts are not
6 terminated.

7 (5) To policies providing group coverage and health insurance.

8 C. The ~~insurance agent or insurance broker~~ producer and insurer may in a
9 written agreement, separate from the agency contract, mutually agree to terms
10 different than the provisions set forth in this Section. The terms of any such
11 agreement shall be negotiated in good faith between the parties.

12 D.

13 * * *

14 (2) In addition, the ~~insurance agent or insurance broker~~ producer shall have
15 a right to a claim for lost commissions. Such claim shall be resolved in accordance
16 with the dispute resolution terms in the applicable contract or agreement. In the
17 absence of any dispute resolution term, the parties shall attempt to resolve their
18 dispute through mediation. If the claim is not resolved through mediation, the claim
19 may be resolved through binding arbitration if the parties agree. In the absence of an
20 agreement to resolve the claim through binding arbitration, the ~~agent or broker~~
21 producer may maintain ~~an~~ a civil action ~~of~~ in a court of competent jurisdiction for
22 lost commissions.

23 * * *

24 §24. Life and health sales quotas; prohibitions

25 No existing contract between an insurer and ~~an agent~~ a producer may be
26 amended to add any provision that may require, as a quota, ~~an agent~~ a producer to
27 sell a specific number of life or health policies or a specific dollar amount of life or
28 health insurance, unless that contract contains a provision requiring the ~~agent~~
29 producer to sell life or health insurance.

1 §31. Division of minority affairs

2 There is hereby created within the Department of Insurance a division of
3 minority affairs which shall have the following functions and duties:

4 (1) To assist in coordinating the activities of the Advisory Committee on
5 Equal Opportunity.

6 (2) To maintain a list of a contact person within each insurance company
7 transacting business in this state who is specifically charged with a duty by the
8 company to respond to inquiries from members of minority groups regarding
9 opportunities for employment, appointment as ~~agents~~, producers, and contracting for
10 services with insurance companies.

11 (3) In cooperation with insurance companies transacting business in the state,
12 to establish educational and informational services to foster a greater awareness of
13 the opportunities available in the insurance industry and of the skills, training, and
14 education necessary to prepare for opportunities in employment, appointment as
15 ~~agents~~, producers, and contracting for services with insurance companies.

16 (4) To assist members of minority groups in obtaining employment, ~~agent's~~
17 producer or agency contracts, and contracting for services with insurance companies
18 transacting business in Louisiana.

19 (5) To submit an annual report by April first of each year to the House and
20 Senate insurance committees relative to educational and informational services made
21 available to minorities, the number and types of inquiries, and all available relevant
22 information from applicants and ~~agents~~, producers.

23 (6)(a) To develop a pilot program which seeks to address the needs and
24 concerns of minority and women ~~insurance agents~~ producers in this state. The pilot
25 program, at a minimum, shall provide training for ~~agents~~ producers in all areas of
26 agency management, training and education for agency personnel, and automation
27 support for the ~~agents~~ producers in the pilot program. The commissioner of
28 insurance may adopt rules and regulations necessary for the implementation of the
29 provisions of this Section.

(b) This Paragraph shall not apply to ~~insurance agents~~ producers who exclusively sell insurance for one company or a group of companies under common management which already has a training program in place for all ~~agents~~ producers.

§32. Advisory Committee on Equal Opportunity

A.(1) There is hereby created within the Department of Insurance, in the division of minority affairs, the Advisory Committee on Equal Opportunity. The committee shall be composed of ~~fifteen~~ twenty-three members. ~~Fourteen~~ Twenty-two members shall be appointed by the governor and shall serve at his pleasure. The deputy commissioner for minority affairs shall serve ex officio as the ~~fifteenth~~ twenty-third member. Four members shall be appointed from a list of nominees submitted by the Louisiana chapter of The National Association for the Advancement of Colored People, the Urban League of Greater New Orleans, Inc., the Baton Rouge chapter of the National Association for the Advancement of Colored People, and the Shreveport chapter of the National Association for the Advancement of Colored People. Two members shall be appointed from a list of nominees submitted by the deans of the business schools of Dillard University, Xavier University, Southern University, and Grambling University. ~~Eight~~ Sixteen members shall be appointed from a list of nominees, one nominee to be submitted by each of the following associations or groups:

* * *

(f) ~~National Association of Independent Insurers~~ Property Casualty Insurers Association of America.

* * *

(j) Property and casualty insurers unaffiliated with the trade associations designated ~~above~~ in the preceding Subparagraphs.

* * *

B. The committee shall assist the commissioner of insurance and the division of minority affairs in establishing educational and informational services to foster a greater awareness of the opportunities available in the insurance industry and of the

1 skills, training, and education necessary to prepare for opportunities in employment,
2 appointment as ~~agents~~, producers, and contracting for services with insurance
3 companies transacting business in Louisiana. The commissioner of insurance shall
4 promulgate rules and regulations to implement this Subpart.

5 C. The committee shall review all complaints alleging a violation of the
6 provisions of this Subpart. Upon receipt of a complaint, the committee shall notify
7 the insurer against whom the complaint was filed of the nature of the complaint and
8 provide ~~him~~ the insurer with an opportunity to make a written explanation. As a
9 part of the response, the insurer may submit to the committee any affirmative action
10 plan it may have in effect. The committee shall consider any affirmative action plan
11 submitted to it, along with any other pertinent information submitted to it, in
12 determining whether the insurer has engaged in a pattern or practice of employment
13 discrimination prohibited by Part IV of Chapter 3-A of Title 23, R.S. 23:1006, 332
14 et seq.

15 * * *

16 E. Nothing contained in this Section or in R.S. 22:31 shall be construed to
17 expand the coverage of Part IV of Chapter 3-A of Title 23, R.S. 23:1006 332 et seq.
18 for purposes of the sanctions authorized against insurers under R.S. 22:33.

19 §33. Sanctions

20 A. Whenever the commissioner of insurance receives notification of an
21 apparent violation from the advisory committee, and determines, after notice and
22 opportunity for a hearing in accordance with the Administrative Procedure Act, that
23 an insurer has engaged in a pattern or practice of employment discrimination
24 prohibited by Part IV of Chapter 3-A of Title 23, R.S. 23:1006, 332, he may issue
25 an order requiring the insurer to cease and desist engaging in such unlawful act or
26 practice. If the insurer does not comply with the cease and desist order, the
27 commissioner may then:

28 * * *

1 §41. Policyholder bill of rights

2 The following items exist in Louisiana statutes and shall serve as standards
3 for a policyholder bill of rights and do not create additional causes of actions or
4 further penalties not otherwise provided under Louisiana statutes:

5 * * *

6 (6) Policyholders shall have the right to receive the appropriate disclosure
7 form as an insert in the front of the policy that complies with R.S. 22:1319 and ~~R.S.~~
8 ~~22:1332.~~

9 * * *

10 (13) Policyholders shall have the right to receive payment of the amount of
11 any property damage claim, or a portion of the claim, due or a written offer to settle
12 any property damage claim within thirty days after receipt of satisfactory proof of
13 loss in accordance with R.S. 22:1892 and ~~R.S. 22:1973.~~ If a claim is denied,
14 policyholders shall have the right to receive a written explanation as to the reason for
15 denial, in whole or in part, of any claim made under their policy of insurance.

16 * * *

17 §43. Complaints against insurers; file by company; public information

18 * * *

19 B.

20 * * *

21 (2) The computer program employed by the commissioner shall, at a
22 minimum, be able to sort the information in this database on any of the fields
23 described in ~~the preceding~~ Paragraph (1) of this Subsection and print out a written
24 report thereof.

25 * * *

26 §46. General definitions

27 In this Code, unless the context otherwise requires, the following definitions
28 shall be applicable:

1 (1) "Alien ~~Insurer~~ insurer" is one formed under the laws of any country other
2 than the United States.

3 * * *

4 (4) "Commissioner of Insurance" as that office is created and defined by this
5 Code shall have full power and authority to act as insurance commissioner for the
6 state of Louisiana and is hereby declared to be the proper officer to act for this state
7 and to represent this state as a member of the National Association of Insurance
8 Commissioners. "Commissioner" shall mean the commissioner of insurance.

9 (5) "Control", ~~as used in this Code~~ relative to ownership, shall mean
10 ownership representing or the authority to represent over fifty percent of the total one
11 hundred percent ownership.

12 * * *

13 (7) "Domestic ~~Insurer~~ insurer" is one formed under the laws of this state.

14 (8) "Foreign ~~Insurer~~ insurer" is one formed under the laws of any other state
15 or territory of the United States or the District of Columbia.

16 (9)

17 * * *

18 (b) The establishment and operation of one or more professional or public
19 liability trust funds by a statewide hospital association in this state for the purpose
20 of providing a means by which any type of professional malpractice or public
21 liability claims or judgments arising from such claims against hospitals which are
22 members of the association and claims against members of societies of the
23 association shall be paid or settled shall not be deemed to be insurance and such trust
24 or trusts shall not be deemed to be licensed, admitted or authorized insurers but shall
25 be subject to Subpart E of Part III of Chapter 2, R.S. 22:651 et seq., Part IV of
26 Chapter 7, R.S. 22:1961 et seq., and Chapters 8 and 12 of this Title, ~~22 of the~~
27 ~~Louisiana Revised Statutes of 1950.~~ R.S. 22:1981 et seq. and R.S. 22:2191 et seq.
28 An annual audited statement for each such trust shall be filed with the commissioner

1 of insurance. The commissioner of insurance shall also have the authority to
2 examine the books, records and affairs of the trust funds.

3 (c) The establishment and operation of professional and public liability trust
4 funds by a nonprofit beneficiary organization as set forth in Subpart N of Part I of
5 Chapter 2 of this Title, ~~22 of the Louisiana Revised Statutes of 1950 R.S. 22:401 et~~
6 ~~seq.~~, shall not be deemed to be insurance and the trusts shall not be deemed to be a
7 licensed, admitted, or authorized insurer but shall be subject to Subpart E of Part III
8 of Chapter 2, Part IV of Chapter 7, and Chapters 8 and 12 of this Title. ~~22 of the~~
9 ~~Louisiana Revised Statutes of 1950~~. An annual audited statement shall be filed with
10 the commissioner of insurance. The commissioner of insurance shall also have the
11 authority to examine the books, records, and affairs of the trust fund.

12 (d) The establishment and operation of one or more professional, trade, and
13 occupational or public liability trust funds by professional associations in this state
14 for the purpose of providing a means by which professional malpractice and public
15 liability claims or judgments arising from such claims against members of the
16 associations shall be paid or settled shall not be deemed to be insurance, and the trust
17 shall not be deemed to be a licensed, admitted, or authorized insurer but shall be
18 subject to Subpart E of Part III of Chapter 2, Part IV of Chapter 7, and Chapters 8
19 and 12 of this Title. ~~22 of the Louisiana Revised Statutes of 1950~~. An annual audited
20 statement shall be filed with the commissioner of insurance. The commissioner of
21 insurance shall also have the authority to examine the books, records, and affairs of
22 the trust fund.

23 * * *

24 (11) "Life ~~Insurer~~ insurer" ~~as used in this Code~~, shall mean all insurers
25 issuing life insurance contracts, including industrial and service insurers.

26 (12) "Person" means any individual, company, insurer, association,
27 organization, reciprocal or inter-insurance exchange, partnership, business, trust,
28 limited liability company, or corporation.

(13) "Premium" ~~as used in this Code~~ means all sums charged, received, or deposited as consideration for the purchase or continuance of insurance for a definitely stated term, and shall include any assessment, membership, policy, survey, inspection, service or similar fee or charge made by an insurer as a part of the consideration for the purchase or continuance of insurance. The term premium, as used in R.S. 22:885(B) and 887(D), shall not include any assessment, membership, policy, survey, inspection, service, or similar fee or charge made by an insurer as part of the consideration for the purchase or continuance of insurance.

* * *

(15) "Secretary of ~~State~~ state" ~~as used in this Code~~ means the secretary of state of the state of Louisiana where that designation appears, to the extent that the functions to be performed by the secretary of state as designated therein involve the recordation of documents or his appointment as attorney to accept service of process in legal proceedings.

* * *

(19) "Officer" shall mean a president, vice president, treasurer, actuary, secretary, controller, and any other person who performs for the company functions corresponding to those performed by the foregoing officers.

(20) "Producer" shall mean a person required to be licensed under the laws of this state to sell, solicit, or negotiate insurance and includes all persons or business entities otherwise referred to in this Code as "insurance agent", "agent", "insurance broker", "broker", "insurance solicitor", "solicitor", or "surplus lines broker".

(21) "Department" shall mean the Department of Insurance.

§47. Kinds of insurance

Insurance shall be classified as follows:

* * *

(2)(~~a~~) Health and accident.

(a) Insurance of human beings against bodily injury, disablement, or death by accident or accidental means, or the expense thereof, or against disablement, or

1 expense resulting from sickness or old age, or against major expenses incurred by an
2 employee benefit plan due to the illness or injury of a covered employee, or against
3 major expenses incurred by a health care provider at financial risk for provision of
4 health care to persons under an agreement, and every insurance appertaining thereto,
5 including insurance wherein the benefits are covered at a higher level when health
6 care is received from a defined network of health care providers, provided, however,
7 that such insurance meets all applicable requirements of Subpart I of Part I of
8 Chapter 2 of this Title, R.S. 22:241 et seq., for provision of coverage through
9 designated providers of medical services.

10 (b)(~~i~~) Limited benefit. Health and accident insurance policy designed,
11 advertised, and marketed to supplement major medical insurance that includes
12 accident-only, the Civilian Health and Medical Program of the Uniformed Services
13 (CHAMPUS), dental, disability income, fixed indemnity, long-term care, Medicare
14 supplement, specified disease, vision, and any other health and accident insurance,
15 other than basic hospital expense, basic medical-surgical expense, or other major
16 medical insurance.

17 (3) Vehicle.

18 (a) Insurance against loss or damage to any land vehicle or aircraft or any
19 draft or riding animal or to property while contained therein or thereon or being
20 loaded or unloaded therein or therefrom, and against any loss or liability resulting
21 from or incident to ownership, maintenance, or use of any such vehicle or aircraft or
22 animal.

23 (b) Insurance against accidental death or accidental injury to individuals
24 including the named insured while in, entering, alighting from, adjusting, repairing,
25 cranking, or caused by being struck by a vehicle, aircraft, or draft or riding animal,
26 if such insurance is issued as part of insurance on the vehicle, aircraft, or draft or
27 riding animal, shall be deemed to be vehicle insurance.

28 * * *

(6) Burglary and ~~Forgery~~: forgery. Insurance against loss or damage by burglary, theft, larceny, robbery, forgery, fraud, or otherwise, including the personal property floater.

4 * *

(8) Fidelity and ~~Surety~~: surety. Becoming surety or guarantor for any person, copartnership, or corporation in any position or place of trust or as custodian of money or property, public or private; or becoming a surety or guarantor for the performance of any person, copartnership or corporation of any lawful obligation, undertaking, agreement, or contract of any kind, except contracts or policies of insurance; or guaranteeing against loss or damage resulting from failure of debtors to pay their obligations to the insured; and underwriting blanket bonds; however, no insurer, except the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the National Credit Union Administration, or any similar insurance corporation hereinafter created by the Congress of the United States or the legislature of any state; shall insure deposits in banks, savings and loan associations, credit unions, finance operations, or similar institutions. Such obligations shall be known and treated as suretyship obligations and such business shall be known as surety business.

19 * * *

20 (10) Fire and extended coverage.

21 * * *

(b) Insurance against loss or damage by earthquake, windstorms, cyclone,
tornado, tempests, hail, frost, snow, ice, sleet, flood, rain, drought, or other weather
or climatic conditions including excess or deficiency of moisture; or rising of the
waters of the ocean or its tributaries;

26 * * *

27 (12) Crop and ~~live stock~~. livestock.

(a) Insurance against loss or damage from insects, diseases, or other causes
to trees, crops, or other products of the soil.

(b) Insurance against loss by death or damage to any domesticated or wild animal from disease, lightning, tornadoes, cyclones, accidents, and every other casual or accidental cause; also against theft.

(13) Marine and transportation (inland marine).

(a) Insurance against loss or damage to vessels, craft, aircraft, or vehicles of every kind, ~~(excluding vehicles operating under their own power or while in storage not incidental to transportation)~~, as well as all goods, freights, cargoes, merchandise, effects, disbursements, profits, moneys, bullion, precious stones, securities, choses in action, evidences of debt, valuable papers, bottomry and respondentia interests, and all other kinds of property and interests therein, in respect to, appertaining to, or in connection with any or all risks or perils of navigation, transit, or transportation, including war risks, on or under any seas or other waters, on land or in the air, or while being assembled, packed, crated, baled, compressed, or similarly prepared for shipment or while awaiting the same or during any delays, storage, trans-shipment, or reshipment incident thereto, including marine builder's risks and all personal property floater risks;

* * *

§48. Types of insurers and other risk bearing entities

A. The following entities are regulated by ~~the~~ specific provisions in the Louisiana Insurance Code:

- (1) Domestic stock insurers.
- (2) Domestic mutual insurers.
- (3) Domestic service insurers.
- (4) Industrial insurers.
- (5) Reciprocal insurers.
- (6) Nonprofit funeral service associations.
- (7) Mutual insurance holding companies.
- (8) Health maintenance organizations.
- (9) Fraternal benefit societies.

- 1 (10) Foreign and alien insurers.
2 (11) Vehicle mechanical breakdown insurers.
3 (12) Property residual value insurers.
4 (13) Nonprofit beneficiary organizations and risk indemnification trusts.
5 (14) Surplus line insurers.
6 (15) Group self insurers.
7 (16) Risk retention groups.
8 (17) Title insurers.

9 * * *

10 §61. Incorporators

11 Five or more natural persons of full age, or fully relieved by emancipation of
12 all disabilities attaching to minority, who are citizens of the United States and a
13 majority of whom are residents of this state, may form a corporation for the purpose
14 of transacting any class or classes of insurance permitted under this ~~code~~ Code as a
15 stock or mutual company.

16 §62. Articles of incorporation

17 Articles of incorporation shall be executed by authentic act signed by each
18 of the incorporators and shall state in the English language:

19 * * *

20 (7) If a stock company, the number of shares, the amount of each share, and
21 the time when and the manner in which payment on stock subscribed shall be made;

22 * * *

23 (11) Any other provision for the regulation of the business and the conduct
24 of the affairs of the corporation, not prohibited by this ~~code~~ Code or the other laws
25 of this state.

26 §63. Approval of articles

27 Such articles shall be submitted to the commissioner of insurance for his
28 examination and approval either before or after execution, but before recordation.

29 The commissioner shall not approve such articles unless they strictly conform with

1 the provisions of the Louisiana Insurance Code, being this Title. ~~22 of the Louisiana~~
2 ~~Revised Statutes of 1950.~~

3 * * *

4 §65. Application for certificate of authority

5 An application shall be made by the first directors to the commissioner of
6 insurance for a certificate of authority which shall be accompanied by:

7 * * *

8 (11)

9 * * *

10 (c) The commissioner may adopt rules and regulations to implement the
11 ~~provision herein,~~ provisions of this Paragraph pursuant to the Administrative
12 Procedure Act.

13 * * *

14 §67. Amendment to articles of incorporation

15 * * *

16 C. The provisions of Subsections A and B of this Section shall not be
17 applicable when an incorporated insurer changes either its registered agent or
18 address, or both. In any such change, the incorporated insurer shall provide the
19 commissioner of insurance with the board resolution and notice, in the manner
20 provided for by Part III of Chapter 1 of Title 12 of the Louisiana Revised Statutes of
21 1950, R.S. 12:31 et seq.

22 §68. Books and records of domestic insurer; securities

23 * * *

24 C. Every domestic company shall keep its securities within the state of
25 Louisiana except where:

26 (1) On deposit with other states of the United States of America; or political
27 ~~subdivision~~ subdivisions thereof.

28 * * *

§69. Business Corporation Law governs when Insurance Code silent

The provisions of the Louisiana Business Corporation Law, as provided in R.S. 12:1 through R.S. 12:178, and other provisions of said Title 12 relative to business corporations, shall apply to the regulation of the business and the conduct of the affairs of any domestic insurer which has been incorporated pursuant to the provisions of ~~Subparts A~~ this Subpart and Subpart B of this Part, ~~of Chapter 2 of Title 22 of the Louisiana Revised Statutes~~, in those situations in which the provisions of ~~said this~~ this Title 22 are silent. If a conflict exists between the provisions of ~~said this~~ this Title 22 and said provisions of Title 12, the provisions of the Louisiana Insurance Code shall govern.

* * *

§71. Conversion requirements

~~After the effective date of this Section, no~~ No domestic life insurer may convert to a type of insurer having greater insuring power without meeting the full capital, surplus, and deposit requirements of the type insurer to which it desires to convert.

§72. Stock and mutual conversions

* * *

C. The conversion of a mutual life insurer or a mutual life insurance holding company shall also comply with Subpart H-1 of this Part, ~~of Chapter 2 of Title 22 of the Louisiana Revised Statutes of 1950~~. R.S. 22:231 et seq. "Mutual life insurer" and "mutual life insurance holding company" shall have the meanings set forth in R.S. 22:236.

§73. Order of dissolution

A. If the insurer against whom the petition for liquidation is filed be a corporation and the petition prays for dissolution of such insurer, the court shall have jurisdiction either before or after final liquidation of the property, business, and affairs of such insurer, after citation of an order to show cause as aforesaid and a full hearing, to enter a decree dissolving such insurer. The court may likewise, regardless of

1 whether an order of liquidation is sought or has been obtained, upon proper petition
2 by the commissioner of insurance, order dissolution of an insurer when it has failed
3 to qualify for a certificate of authority authorizing it to commence the transaction of
4 its business, or when an insurer has no assets and no means for payment of liabilities.
5 In any such decree of dissolution, the court; may, upon satisfactory demonstration that
6 all of the assets of the insurer shall be applied to payment of liabilities of the insurer
7 in the manner and priority as provided by law, and after such notice and hearing as
8 the court shall require, issue an order discharging the insurer of all unsatisfied
9 liabilities.

10 B. Notwithstanding any provision of Subsection A of this Section, upon
11 application by the commissioner of insurance and following notice as prescribed by
12 the court and a hearing, the court may authorize the commissioner of insurance to sell
13 the corporation as an entity, together with any of its licenses to do business, despite
14 the entry of an order of liquidation. The sale may be made on terms and conditions
15 the court deems appropriate including but not limited to the distribution of the
16 proceeds of the sale of the corporate entity and licenses for the benefit of
17 policyholders and creditors in the manner set forth in R.S. 22:2025. The legal
18 existence of a legal entity that is placed under an order of rehabilitation, liquidation,
19 or conservation shall be terminated only if the court orders its dissolution as a legal
20 entity, as provided ~~herein~~ in this Section.

21 §74. Insurers prohibited from engaging in other businesses

22 No domestic insurer shall deal or trade in buying, or selling goods, wares, or
23 merchandise except articles insured by it on which losses are claimed and except in
24 replacing, rebuilding, or repairing insured property as provided in its policies. A
25 domestic insurer shall also not discount commercial or other than first mortgage paper
26 nor engage in any banking business whatsoever.

27 §81. Capital requirements; applicants prior to September 1, 1989

28 A. Domestic stock insurers who apply for a certificate of authority prior to
29 September 1, 1989, may transact the following kinds of insurance in this state upon

1 qualifying therefor and by having paid-in capital and minimum surplus represented
2 by assets as follows:

3		Paid-in	Minimum
4	<u>Insurance</u>	<u>Capital</u>	<u>Surplus</u>
5	(1) Life	\$ 100,000	\$200,000
6	(2) Health and accident	100,000	200,000
7	(1) and (2) above	100,000	200,000
8	(3) Vehicle physical damage	100,000	150,000
9	(4) Title		
10	(a) Any company licensed to transact title		
11	insurance prior to September 1, 1985	50,000	25,000
12	(b) Any company licensed to transact title		
13	insurance on or after September 1, 1985	100,000	200,000
14	(5) Industrial fire	200,000	100,000
15	(6) Any company organized and authorized to		
16	transact worker's compensation only as of		
17	July 27, 1966	100,000	50,000
18	(7) Any company organized and authorized to		
19	transact crop and livestock insurance only		
20	as of July 27, 1966	100,000	150,000
21	(8) Vehicle	650,000	350,000
22	(9) Liability	650,000	350,000
23	(10) Worker's compensation	650,000	350,000
24	(11) Burglary and forgery	650,000	350,000
25	(12) Glass	650,000	350,000
26	(13) Fidelity and surety	650,000	350,000
27	(14) Fire and extended coverage	650,000	350,000
28	(15) Steam boiler and sprinkler leakage	650,000	350,000
29	(16) Crop and livestock	650,000	350,000

B. For the ~~purpose~~ purposes of this Section, "vehicle physical damage insurance" shall be defined as insurance against loss or damage to any land vehicle or property while contained therein or thereon or being loaded or unloaded therein or therefrom.

(1) An insurer authorized to transact life insurance shall not be authorized to transact any additional kind of insurance other than health and accident insurance.

16 ~~€.~~ D. Domestic stock insurers who apply for a certificate of authority on or
17 after September 1, 1989, shall meet the paid-in capital, minimum surplus, operating
18 surplus, and other requirements of R.S. 22:82.

20 * * *

C. Authority shall be granted stock insurers upon compliance with all applicable requirements to transact combinations of kinds of insurance except as follows:

28 (1) An insurer authorized to transact life insurance shall not be authorized to
29 transact any additional kind of insurance other than:

(a) Health and accident insurance.

(b) Annuity or.

* * *

D. For the ~~purpose~~ purposes of this Section, assets representing at least fifty percent of the operating surplus must be maintained in cash or in cash equivalents as prescribed by the commissioner.

* * *

§86. Dividends on stock

No domestic stock insurer shall declare and pay any dividends to its stockholders unless its capital is fully paid in cash and is unimpaired and it has a surplus beyond its capital stock and the initial minimum surplus required and all other liabilities equal to fifteen ~~per cent~~ percent of its capital stock, provided that this restriction shall not apply to an insurer when its paid-in capital and surplus exceed the minimum required by this Code by one hundred percent or more.

* * *

§88. Sales of stock

A.(1) All sales of stock as defined in this Section shall be made in accordance with the ~~following~~ regulations: contained in this Section.

~~A.~~ (2) When used in this Section, the following terms shall have the following respective meanings:

~~(1)(a)(i)~~ (i) "Security" as used in this Section shall include any insurance stock, note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest, or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate, or certificate of deposit for security, any certificate of deposit, or group or index of securities, or, in general, any interest or instrument commonly known as a "security", or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing issued by an insurance company, an investment, or

1 holding company with a stated purpose, either by charter or prospectus, of forming
2 an insurance company.

3 ~~(b)~~ (ii) For the ~~purpose~~ purposes of this Section, security shall not mean any
4 insurance or endowment policy or annuity contract under which any insurance
5 company promises to pay a fixed number of dollars either in a lump sum or
6 periodically for life or some other specified period nor any variable life or annuity
7 contract as provided for in and regulated by this Title and issued by a life insurance
8 company licensed to do business in the state of Louisiana.

9 ~~(2)~~ (b) "Person" shall include a natural person, a corporation created under the
10 laws of this state, or of any other state, country, sovereignty, or political subdivision
11 thereof, a partnership, an association, a joint stock company, and any unincorporated
12 association or organization.

13 ~~(3)~~ (c) "Sale" or "sell" shall include every disposition, or attempt to dispose
14 of a security as defined in this ~~section~~ Section or interest in such a security for value.
15 Any security as defined in this Section given or delivered with, or as a bonus on
16 account of, any purchase of such securities or any other thing, shall be conclusively
17 presumed to constitute a part of the subject of such purchase and to have been sold
18 for value. "Sale" or "sell" shall also include an exchange, an attempt to sell, an option
19 of sale, a solicitation of a sale, a subscription of an offer to sell, directly or by an
20 agent, or a circular, letter, advertisement, or otherwise, except an isolated transaction
21 in which any security as defined in this ~~section~~ Section is sold, offered for sale or
22 delivery by the owner not being made in the course of repeated and successive
23 transactions of a like character by such owner, provided the owner is not the
24 underwriter of such security.

25 ~~(4)~~ (d) "Dealer" shall include every person, or investment counsel or
26 investment counselor, as those terms are generally used, other than a salesman, as
27 hereinafter defined, who in this state engages either for all or part of his time, directly
28 or through an agent in the business of selling any securities as defined in this Section
29 issued by another person or purchasing or otherwise acquiring such securities from

1 another for the purpose of re-selling them or of offering them for sale to the public,
2 or offering, buying, selling, or otherwise dealing or trading in such securities as
3 principal or agent for a commodity or commission or at a profit, or who deals in
4 futures or differences in market quotations of prices or values of any such securities;
5 ~~provided that~~ however, the word "dealer" shall not include a person having no place
6 of business in this state who sells or offers to sell securities exclusively to brokers or
7 dealers actually engaged in buying and selling such securities as a business.

8 (5) ~~(e)~~ "Issuer" shall mean and include every person who proposes to issue,
9 has issued or who shall hereafter issue any security as defined in this Section. Any
10 person who acts as a promoter for and on behalf of a corporation, unincorporated
11 association, or partnership of any kind, formed or to be formed, shall be deemed to
12 be an issuer.

13 (6) ~~(f)~~ "Salesman" shall include every natural person, including ~~insurance~~
14 ~~agents, producers,~~ other than a dealer, employed or appointed or authorized by a
15 dealer or issuer to sell securities as defined in this section in any manner in this state.
16 The partners of a partnership and the executive officers of a corporation or other
17 corporate entity or association registered as a dealer shall not be salesmen within the
18 meaning of this definition.

19 (7) ~~(g)~~ "Broker" shall mean dealer as ~~herein~~ defined: in this Subsection.

20 (8) ~~(h)~~ "Agent" shall mean salesman as ~~herein~~ defined: in this Subsection.

21 (9) ~~(i)~~ "Commissioner" shall mean the ~~Commissioner~~ commissioner of
22 ~~Insurance~~ insurance of the ~~State~~ state of Louisiana.

23 B. Exempt securities. Except as hereinafter otherwise expressly provided, the
24 provisions of this Section shall not apply to any of the following classes of securities:

25 (1) Securities appearing in any list of securities dealt in on the New York or
26 American Stock Exchange, and which securities have been so listed pursuant to
27 official authorization by such exchange, and also all securities senior to any securities
28 so listed, or represented by subscription rights which have been so listed or evidences
29 of indebtedness guaranteed by companies, any stock of which is so listed, such

1 securities to be exempt only so long as such listing shall remain in effect. The
2 commissioner shall have the power to deny this exemption with reference to any
3 particular security listed on any such exchanges, by order published in such manner
4 as the commissioner shall find proper.

5 (2) Securities appearing in any list of securities dealt in on any other
6 recognized and responsible stock exchange which has been previously approved by
7 the commissioner, and which securities have been so listed pursuant to official
8 authorization by such exchange, and also all securities senior to any securities so
9 listed, or represented by subscription rights which have been so listed, or evidences
10 of indebtedness guaranteed by companies any stock of which is so listed, such
11 securities to be exempt only so long as such listing shall remain in effect. The
12 commissioner shall have power at any time to withdraw approval theretofore granted
13 by him to any exchange, and upon such withdrawal no security listed on such
14 exchange shall be entitled to the benefit of such exemption, unless such security is
15 also listed upon an exchange mentioned in Paragraph (1) of this Subsection, and has
16 not been denied this exemption by the commissioner as provided in said Paragraph
17 (1), ~~of this Subsection.~~

18 (3) Any security, other than common stock, providing for a fixed return which
19 has been outstanding and in the hands of the public for a period of not less than five
20 years, upon which no default in payment of principal or failure to pay the return fixed,
21 has occurred for a continuous immediately preceding period of five years.

22 C.(1) Except as hereinafter expressly provided, the provisions of this Section
23 shall not apply to the sale of any security in any of the following transactions:

24 ~~(1)~~ (a) At any judicial, executor's, administrator's, tutor's, curator's, or
25 liquidator's sale, or at any sale by a receiver, syndic, or trustee in insolvency or
26 bankruptcy.

27 ~~(2)~~ (b) By or for the account of a pledge holder or mortgagee selling or
28 offering for sale or delivery in the ordinary course of business, and not for the purpose

1 of avoiding the provisions of this Section, to liquidate a bona fide debt, a security
2 pledged in good faith as security for such debt.

3 ~~(3)~~ (c) An isolated transaction in which any security is sold, offered for sale,
4 subscription, or delivery by the owner thereof, or by his representative for the owner's
5 account, such sale or offer for sale, subscription, or delivery not being made in the
6 course of repeated and successive transactions of a like character by such owner, or
7 on his account by such representative, and such owner or representative not being the
8 underwriter of such security.

9 ~~(4)~~ (d) The distribution by a corporation, actively engaged in the business
10 authorized by its charter, of securities to its stockholders or other security holders as
11 a stock dividend or other distribution out of earnings or surplus; or the issuance of
12 securities to the security holders or other creditors of a corporation in the process of
13 a bona fide reorganization or liquidation of such corporation made in good faith and
14 not for the purpose of avoiding the provisions of this Section, either in exchange for
15 the securities of such security holders or claims of such creditors or partly for cash
16 and partly in exchange for the securities or claims of such security holders or
17 creditors; or the issuance of additional capital stock of a corporation sold or
18 distributed by it among its own stockholders exclusively, where no commission or
19 other remuneration is paid or given directly or indirectly in connection with the sale
20 or distribution of such increased capital stock.

21 ~~(5)~~ (e) The transfer or exchange by one corporation to another corporation of
22 their own securities in connection with a consolidation or merger of such
23 corporations, or in the exchange of outstanding shares for a greater or smaller number
24 of shares of the same corporation.

25 ~~(6)~~ (f) The sale, transfer, or delivery of any securities to any bank, savings
26 institution, trust company, insurance company, or to any corporation or to any broker
27 or dealer; provided, that such broker or dealer is actually engaged in buying and
28 selling securities as a business.

1 ~~(7)~~(g) The sale by a registered dealer, acting either as principal or agent, of
2 securities theretofore sold and distributed to the public, provided that:

3 ~~(a)~~ (i) Such securities are sold at prices reasonably related to the current
4 market price thereof at the time of sale, and if such registered dealer is acting as
5 agent, the commission collected by such registered dealer on account of the sale
6 thereof is not in excess of usual and customary commissions collected with respect
7 to securities and transactions having comparable characteristics; and

8 ~~(b)~~ (ii) Such securities do not constitute an unsold allotment to or subscription
9 by such dealer as a participant in the distribution of such securities by the issuer or by
10 or through an underwriter; and

11 ~~(c)~~ (iii) Either Moody's, Standard and Poor's, or Fetch securities manuals, or
12 any other recognized securities manuals approved by the commissioner of insurance,
13 contain the names of the issuer's officers and directors, a balance sheet of the issuer
14 as of a date not more than ~~18~~ eighteen months prior to the date of such sale, and a
15 profit and loss statement for either the fiscal year preceding that date or the most
16 recent year of operations.

17 (2) The commissioner may revoke the exemption afforded by this Subsection
18 with respect to any securities by issuing an order to that effect if he finds that the
19 further sale of such securities in this state would work or tend to work a fraud on
20 purchasers thereof.

21 D.(1) No insurance securities or securities in an investment or holding
22 company with a stated purpose, either by charter or prospectus, of forming an
23 insurance company shall be sold within this state unless such securities have been
24 registered as hereinafter defined. Registration of stocks as defined in this Section,
25 shall be deemed to include the registration of rights to subscribe to such stock if the
26 statement under Subsection E of this Section required for registration of such stock
27 includes any provision that such rights are to be issued. A record of the registration
28 of insurance securities or securities in an investment or holding company as
29 ~~hereinabove~~ defined in Subsection A of this Section shall be kept in a register of

1 securities to be kept in the office of the commissioner, in which register shall also be
2 recorded any orders entered by the commissioner with respect to such securities.
3 Such registration, and all information with respect to the securities registered in
4 accordance with this Section, shall be open to public inspection.

5 (2) The commissioner of insurance shall have the right to adopt such rules and
6 regulations as he may deem necessary to carry out the purposes of this Section.

7 (3) The commissioner of insurance may take depositions, compel production
8 of books and records, subpoena witnesses or documentary evidence, administer oaths,
9 and examine under oath any individual relative to the sale of securities as defined in
10 this ~~section~~. Section. Any person who testifies falsely or makes any false affidavit
11 during the course of such an examination under this Section shall be guilty of perjury.

12 E.(1) Securities as defined in this Section shall be registered by the filing of
13 the issuer, or of any dealer registered with the office of the commissioner of
14 insurance, in the office of the commissioner with respect to such securities of the
15 following:

16 ~~(1)~~ (a) Name of issuer, location, and, if incorporated, place of incorporation.

17 ~~(2)~~ (b) A brief description of the security, including amount of the issue.

18 ~~(3)~~ (c) Amount of securities to be offered in the state.

19 ~~(4)~~ (d) The par value, the price at which the securities are to be offered for
20 sale to the public, and a statement as to how the proceeds are to be used, including
21 commissions to be paid, which commissions, however, shall in no event exceed
22 fifteen percent.

23 ~~(5)~~ (e) A copy of the circular or prospectus to be used by the issuer or dealer
24 for the public offering.

25 ~~(6)~~ (f) Any other information or documents required by the commissioner of
26 insurance.

27 (2) Every statement required to be filed with the commissioner under any of
28 the provisions of this Section shall be transmitted by United States mail, and the
29 commissioner shall never receive nor shall he be authorized to receive or accept for

1 filing any statement or documents transmitted to him by any mode other than by
2 United States mail.

3 (3) The filing of such statement and documents in the office of the
4 commissioner, and the payment of the fee ~~hereinafter~~ provided; for in this
5 Subsection, shall, after being authorized by the commissioner, constitute the
6 registration of such securities. Upon such registration, such securities may be sold in
7 this state by any registered dealer, subject, however, to the further order of the
8 commissioner as ~~hereinafter~~ provided: in this Subsection. Every registration under
9 this ~~section~~ Section for an insurance company on primary issues of stock shall expire
10 in accordance with the statutory provisions of R.S. 22:85. Every registration under
11 this ~~section~~ Section for an investment or holding company, or on issued and
12 outstanding shares of stock of an insurance company, shall expire on December
13 thirty-first of each year, but new registrations for the succeeding period or succeeding
14 year, as the case may be, shall be issued upon written application and upon payment
15 of the fee as ~~hereinafter~~ provided: in this Subsection.

16 (4) If, at any time in the opinion of the commissioner, the information
17 contained in the statement, circular, or prospectus filed is, or has become, misleading,
18 incorrect, inadequate, or incomplete, or the sale or offering for sale of the security as
19 defined in this ~~section~~ Section may work or tend to work a fraud, the commissioner
20 may require from the person filing such statement such further information as may in
21 his judgment be necessary to establish the classification of such security as claimed
22 in said statement, or to enable the commissioner to ascertain whether other steps
23 should be taken and the registration rejected or revoked on any ground ~~hereinafter~~
24 specified; in Subsection F of this Section and the commissioner may refuse to register
25 or suspend the right to sell such security pending further investigation by entering an
26 order specifying the grounds for such action, and by notifying by mail, or personally,
27 or by telephone confirmed in writing, or by telegraph, the person filing such a
28 statement and documents, and every registered dealer who shall have notified the
29 commissioner of an intention to sell such security. The refusal to furnish information

1 required by the commissioner within a reasonable time to be fixed by the
2 commissioner may be a proper ground for the entry of such order of suspension. The
3 commissioner shall notify every registered dealer of such order and upon the entry of
4 any such order of suspension, no further sales of such security shall be made until the
5 further order of the commissioner.

6 (5) In the event of the entry of such order of rejection or suspension, the
7 commissioner shall, upon request, give a prompt hearing in accordance with Chapter
8 12 of this Code, R.S. 22:2191 et seq., to the parties interested. If no hearing is
9 requested within a period of twenty days from the entry of such order, or, if upon such
10 hearing the commissioner shall determine that any such security is not entitled to
11 registration under this ~~section~~, Section, or that the sale thereof should be revoked on
12 any ground ~~hereinafter~~ specified; in Subsection F of this Section, he shall enter a final
13 order prohibiting sales of such security, with his findings with respect thereto. Until
14 the entry of such final order, the rejection or suspension of the right to sell, though
15 binding upon the persons notified thereof, shall be deemed confidential, and shall not
16 be published, unless it shall appear that the order of suspension has been violated after
17 notice. Appeals from such final order may be taken as ~~hereinafter~~ provided: in this
18 Section. If, however, upon such hearing, the commissioner shall find that the security
19 being offered for sale will neither be fraudulent nor result in fraud, he shall forthwith
20 enter an order revoking such order of suspension and such security shall be restored
21 to its status as a security registered under this ~~section~~ Section as of the date of such
22 order of suspension.

23 (6) At the time of filing the statement and documents ~~hereinabove~~
24 enumerated; in this Subsection and upon re-registration, the applicant shall pay to the
25 commissioner a fee of one-twentieth of one ~~per centum~~ percent of the aggregate price
26 of such securities to be sold in this state, for which the applicant is seeking
27 registration, but in no case shall such fee be less than twenty-five dollars or more than
28 two hundred dollars. The commissioner of insurance is authorized to withhold the
29 funds collected under this ~~section~~ Section to defray the expenses actually and

1 necessarily incurred by him for salaries and expenses in carrying out the purposes of
2 this ~~section~~. Section.

3 F. Revocation of registration of securities as defined in this Section.

4 (1) The commissioner may revoke the registration of any security as defined
5 in this Section by entering an order to that effect, with his findings in respect thereto,
6 if upon the examination into the affairs of the issuer, it shall appear that the company:

7 (1) ~~(a)~~ (a) Is insolvent;~~or,~~

8 (2) ~~(b)~~ (b) Has violated any of the provisions of this Section, or any order of the
9 commissioner of which such issuer has notice, or any of the rules and regulations
10 adopted by the commissioner of insurance under this Section;~~or,~~

11 (3) ~~(c)~~ (c) Has been or is engaged or is about to engage in a fraudulent
12 transaction;~~or,~~

13 (4) ~~(d)~~ (d) Is in any other way dishonest or has made any fraudulent
14 representations in any prospectus or in any circular or other literature that has been
15 distributed concerning the issuer or its securities;~~or,~~

16 (5) ~~(e)~~ (e) Is of bad business repute;~~or,~~

17 (6) ~~(f)~~ (f) Does not conduct its business in accordance with law;~~or,~~

18 (7) ~~(g)~~ (g) That the affairs of the insurance company or other company issuing
19 such securities are in an unsound condition;~~or,~~

20 (8) ~~(h)~~ (h) That the enterprise or business or the security offered is not based
21 upon sound business principles.

22 (2) In making such examination, the commissioner shall have access to and
23 may compel the production of all the books and papers of such insurance company
24 or other company issuing such securities, subpoena witnesses, and administer oaths
25 to and examine the officers of such issuer, or any expert, whose statement was filed
26 by any issuer in connection with an application, or any other person connected
27 therewith as to its business and affairs, and may also require a balance sheet
28 exhibiting the assets and liabilities of any such issuer or its income statement, or both,
29 to be certified to by a public accountant either of this state, or of any other state

1 approved by the commissioner. The commissioner may also require that any
2 statement made on the authority of any expert be verified by another expert to be
3 selected by the commissioner.

4 (3) Whenever the commissioner may deem it necessary, he may also require
5 such balance sheets or income statements or statements of experts to be made more
6 specific in such particulars as the commissioner of insurance shall point out, or to be
7 brought down to the latest practicable date.

8 (4) If any issuer of securities as defined in this Section shall refuse to permit
9 an examination to be made by the commissioner, or if it should refuse or fail to cause,
10 at its own expense, any statement or valuation required to be made by an expert to be
11 verified by another expert selected by the commissioner, it shall be proper ground for
12 revocation of registration.

13 (5) If the commissioner shall deem it necessary, he may enter an order
14 suspending the right to sell such securities pending any investigation provided that the
15 order shall state the grounds for taking such action.

16 (6) Notice of the entry of such order shall be given by mail, or personally, or
17 by telephone confirmed in writing, or by telegraph, to the issuer of such securities,
18 which company shall in turn notify every registered dealer.

19 (7) Before an order is made final, the insurance company or other issuer
20 applying for registration shall on application be entitled to a hearing, and after such
21 hearing the commissioner shall notify it of the final ruling on the matter.

22 G. Consent to service. Upon any application for registration where the issuer
23 is not domiciled in this state, there shall be filed with such application the irrevocable
24 written consent of the issuer that in suits, proceedings, and actions growing out of the
25 violation of any provision of this Section, the service on the commissioner of any
26 notice, process, or pleadings therein, authorized by law, shall be as valid and binding
27 as if due service had been made on the issuer. Any such action shall be brought either
28 in the parish of the plaintiff's domicile or in the parish of East Baton Rouge. Said
29 written consent shall be authenticated by the seal of said issuer, if it has a seal, and by

1 the acknowledged signature of a member of the co-partnership or company, or by the
2 acknowledged signature of any officer of the incorporated or unincorporated
3 association, if it be an incorporated or unincorporated association, duly authorized by
4 resolution of the board of directors, trustees, or managers of the corporation or
5 association, and shall in such case be accompanied by a duly certified copy of the
6 resolution of the board of directors, trustees, or managers of the corporation or
7 association authorizing the officers to execute same. In case any process or pleadings
8 mentioned in this Section are served upon the commissioner, it shall be by duplicate
9 copies, one of which shall be filed in the office of the commissioner and another
10 immediately forwarded by the commissioner by registered mail to the principal office
11 of the issuer against which said process or pleadings are directed.

12 H. Registration of dealers and salesmen.

13 (1) No dealer or salesman shall engage in business in this state as such dealer
14 or salesman or sell any securities as defined in this Section unless he has been
15 registered as a dealer or salesman in the office of the commissioner pursuant to the
16 provisions of this Section.

17 (2) An application for registration, in writing, shall be sent by United States
18 mail to the commissioner to be filed in the office of the commissioner in such form
19 as the commissioner may prescribe, duly verified by oath, which shall state the
20 principal place of business or office of the applicant, wherever situated, and the
21 location of the principal office and all branch offices in this state, if any, the name or
22 style of doing business, the names, residence, and business addresses of all persons
23 interested in the business as principals, co-partners, officers, and directors, specifying
24 as to each his capacity and title, the general plan and character of business, and the
25 length of time the dealer has been engaged in business. The commissioner may also
26 require such additional information as to the applicant's previous history, record, and
27 association as he may deem necessary to establish the good repute in business of the
28 applicant.

1 (3) There shall be filed by each dealer with such application for registration,
2 where such dealer is not domiciled in this state, an irrevocable written consent of the
3 dealer that in all suits, proceedings, or actions growing out of the violation of any
4 provision of this Section, the service on the commissioner of any notice, process, or
5 pleading therein authorized by the laws of this state, shall be as valid and binding as
6 if due service had been made on the dealer. The place for bringing any such action
7 and the manner in which the written consent shall be authenticated are the same as
8 outlined in Subsection G of this Section.

9 (4) If the commissioner shall find that the applicant is of good repute and has
10 complied with the provisions of this Section, including the payment of the fee
11 ~~hereinafter provided; for in this Subsection,~~ he shall register such applicant as a
12 dealer.

13 (5) Upon the written application of a registered dealer and general satisfactory
14 showing as to good character and the payment of the proper fee, the commissioner
15 shall register as a salesman of such dealer such natural person as the dealer may
16 request. Such registration shall cease upon the termination of the employment of such
17 salesman by such dealer.

18 (6) The names and addresses of all persons approved for registration as
19 dealers or salesmen and all order with respect thereto shall be recorded in a register
20 of dealers and salesmen kept in the office of the commissioner, which shall be open
21 to public inspection. Every registration under this Section shall expire on December
22 thirty-first of each year, but new registrations for the succeeding year shall be issued
23 upon written application and upon payment of the fee as ~~hereinafter provided; for in~~
24 this Subsection without filing of further statements or furnishing any further
25 information, unless specifically required by the commissioner. Applications for
26 renewals must be made not less than thirty days nor more than sixty days before the
27 first day of the ensuing year, otherwise they shall be treated as original applications.

28 (7) The fee for such registration and for each annual renewal shall be fifty
29 dollars in the case of dealers and ten dollars in the case of salesmen. The

commissioner of insurance is authorized to withhold the funds collected under this Section to defray the expenses actually and necessarily incurred by him for salaries and expenses in carrying out the purposes of this Section.

(8) Changes in registration occasioned by changes in the personnel of a partnership or in the principals, co-partners, officers, or directors of any dealer may be made from time to time by written application setting forth the facts with respect to such change.

(9) Any issuer of a security as defined in this Section required to be registered under the provisions of this Section, selling such securities except in exempt transactions as herein defined shall be deemed a dealer within the meaning of this Section and required to comply with all the provisions hereof.

I. Revocation of dealers' and salesmen's registration.

(1) Registration under Subsection H of this Section may be refused or any registration granted may be revoked by the commissioner if after a reasonable notice and a hearing the commissioner determines that such applicant or registrant so registered: has committed any of the following acts:

~~(1)~~ (a) Has violated any provision of this Section or any regulation made ~~hereunder, or pursuant to this Section.~~

~~(2)~~ (b) Has made a material false statement in the application for registration; ~~or.~~

~~(3)~~ (c) Has been guilty of a fraudulent act in connection with any sale of securities as defined in this Section, or has been or is engaged or is about to engage in making fictitious or pretended sales or purchases of any such securities or has been or is engaged or is about to engage in any practice or sale of such securities which is fraudulent or in violation of the law, ~~or.~~

~~(4)~~ (d) Has demonstrated his unworthiness to transact the business of dealer or salesman.

(2) In cases of charges against a salesman, notice thereof shall also be given the dealer employing such salesman.

1 (3) Pending the hearing, the commissioner shall have the power to order the
2 suspension of such dealer's or salesman's registration, provided such order shall state
3 the cause for such suspension, and provided further, that such hearing shall be held
4 within ten days from the date of such suspension. Failure of the commissioner to hold
5 such a hearing within such time shall constitute complete restoration of the
6 registration of the dealer or salesman involved.

7 (4) Until the entry of a final order, the suspension of such dealer's registration,
8 though binding upon the persons notified thereof, shall be deemed confidential, and
9 shall not be published unless it shall appear that the order of suspension has been
10 violated after notice.

11 (5) In the event the commissioner determines to refuse or to revoke a
12 registration as ~~hereinabove~~ provided; in this Subsection, he shall enter a final order
13 herein with his findings on the register of dealers and salesmen; and suspension or
14 revocation of the registration of a dealer shall also suspend or revoke the registration
15 of all his salesmen.

16 (6) It shall be sufficient cause for refusal or cancellation of registration in case
17 of a partnership or corporation or any unincorporated association, if any member of
18 a partnership or any officer or director of the corporation or association has been
19 guilty of any act or omission which would be cause for refusing or revoking the
20 registration of an individual dealer or salesman.

21 J. Escrow agreement. If the statement containing information as to insurance
22 securities which are required to be registered shall disclose that any such insurance
23 securities shall have been or shall be intended to be issued for any organization or
24 promotion fees or expenses, the amount and nature thereof shall be fully set forth and
25 the commissioner may require that such insurance securities so issued in payment for
26 organization or promotion fees or expenses shall be delivered in escrow to the
27 commissioner or other depository satisfactory to the commissioner under an escrow
28 agreement that the owners of such insurance securities shall not be entitled to
29 withdraw such insurance securities from escrow until all other stockholders who have

1 paid for their stock in cash shall have been paid a dividend or dividends aggregating
2 not less than six ~~per cent,~~ percent, shown to the satisfaction of said commissioner to
3 have actually been earned on the investment in any stock so held, and in case of
4 dissolution or insolvency during the time such insurance securities are held in escrow,
5 the owners of such insurance securities shall not participate in the assets until after the
6 owners of all other securities shall have been paid in full.

7 K. Injunctions.

8 (1) Whenever it shall appear to the commissioner, either upon complaint or
9 otherwise, that in the issuance, sale, promotion, negotiation, advertisement, or
10 distribution of any securities as defined in this Section within this state, any person
11 has committed any of the following acts, the commissioner may investigate and, upon
12 evidence satisfactory to him, may, in addition to any other remedies, bring action in
13 the name and on behalf of the state of Louisiana against such person and any other
14 person or persons concerned in or in any way participating in or about to participate
15 in such fraudulent practices or acting in violation of this Section, to enjoin such
16 person and such other person or persons from continuing such fraudulent practices or
17 engaging therein or doing any act or acts in furtherance thereof, or in violation of this
18 Section:

19 (1) (a) ~~Shall have~~ Has employed or employs, or is about to employ any
20 device, scheme, or artifice to defraud or for obtaining money or property by means
21 of any false pretense, representation, or promise, ~~or,~~

22 (2) (b) ~~Shall have~~ Has made, makes, or attempts to make in this state fictitious
23 or pretended purchases or sales of securities as defined in this Section, ~~or,~~

24 (3) (c) ~~Shall have~~ Has engaged in or engages in or is about to engage in any
25 practice or transaction or course of business relating to the purchase or sale of
26 securities as defined in this Section:

27 (a) (i) Which is in violation of law, or in violation of any of the rules and
28 regulations adopted by the commissioner of insurance under this Section, ~~or,~~

29 (b) (ii) Which is fraudulent, ~~or,~~

1 ~~(c)~~ (iii) Which is operated, or which would operate, as a fraud upon the
2 purchaser, any one or all of which devices, schemes, artifices, fictitious or pretended
3 purchases or sales of securities as defined in this Section, practices, transactions, and
4 courses of business are hereby declared to be and are ~~hereinafter~~ referred to in this
5 Section as fraudulent practices, ~~or,~~

6 ~~(4)~~ (d) Is acting as a dealer or salesman within this state without being duly
7 registered as such dealer or salesman as provided in this Section, ~~the commissioner~~
8 ~~may investigate, and whenever he shall believe from evidence satisfactory to him:~~

9 ~~(a) That any such person has engaged in, is engaged in or is about to engage~~
10 ~~in any of the practices or transactions hereinabove referred to as and declared to be~~
11 ~~fraudulent practices, or~~

12 ~~(b) Is selling or offering for sale any securities as defined herein in violation~~
13 ~~of this Section, or is acting as a dealer or salesman without being duly registered as~~
14 ~~provided in this Section, the commissioner may, in addition to any other remedies,~~
15 ~~bring action in the name and on behalf of the state of Louisiana against such person~~
16 ~~and any other person or persons concerned in or in any way participating in or about~~
17 ~~to participate in such fraudulent practices or acting in violation of this Section, to~~
18 ~~enjoin such person and such other person or persons from continuing such fraudulent~~
19 ~~practices or engaging therein or doing any act or acts in furtherance thereof, or in~~
20 ~~violation of this Section.~~

21 (2) In any such court proceedings, the commissioner may apply for and on
22 due showing be entitled to have issued the court's subpoena requiring forthwith; the
23 appearance of any defendant and its employees, salesmen, or agents; ~~and~~ the
24 production of documents, books, and records as may appear necessary for the hearing
25 of such petition; ~~to testify and give evidence~~ and testimony and evidence concerning
26 the acts or conduct or things complained of in such application for injunction. In such
27 action, the district court of the domicile of any of the persons, firms, or corporations
28 involved, or the district court of the parish of East Baton Rouge shall have jurisdiction

1 of the parties and the subject matter, and a judgment may be entered awarding such
2 injunctive relief as may be proper.

3 L. Remedies. Every sale of securities as defined in this Section, the
4 registration of which has been revoked or suspended by the commissioner, or made
5 by any unregistered dealer or salesman, or by any dealer or salesman whose license
6 has been suspended or revoked, shall be voidable at the election of the purchaser, and
7 the person making such sale, and every director, officer, or agent of or for such seller
8 who shall have personally participated or aided in any way in the making of such
9 sales, shall be liable in solid to such purchaser upon tender of such securities sold, or
10 of the contract made, for the full amount paid by such purchaser with interest, all
11 taxable court costs and a reasonable attorney's fee to be fixed by the court; provided
12 that no such action shall be brought for the recovery of the purchase price after
13 thirteen months from the date of such sale, or the delivery of such security to the
14 purchaser, whichever date is latest; and provided, further, that the aforesaid interest
15 shall be computed at the rate of six ~~per centum~~ percent per annum, less, in any case,
16 the amount of any income from said insurance securities that may have been received
17 by such purchaser.

18 M.~~(1)~~ Violations; penalties.

19 (1)(a) No issuer of securities as defined in this Section, or any officer,
20 director, trustee, or agent thereof, or any dealer shall sell or offer to sell any such
21 securities without full compliance with the provisions of this Section.

22 (b) Whoever violates this ~~Subsection~~ Paragraph shall be fined not more than
23 five thousand dollars for the first offense and not more than twenty-five thousand
24 dollars for each subsequent offense, and the officer, director, trustee or agent thereof,
25 or the issuer, if a natural person, may be imprisoned for not more than one year, or
26 both.

27 (2)(a) No person or corporation, whether acting on his or its own behalf, or
28 on behalf of another, shall violate any of the provisions of this Section.

1 **(b)** Whoever violates this ~~Subsection~~ Paragraph shall be fined not less than
2 one hundred dollars nor more than five hundred dollars for the first offense, and not
3 less than five hundred dollars nor more than one thousand dollars for each subsequent
4 offense, or imprisoned for not more than six months for the first offense, nor more
5 than one year for each subsequent offense, or both.

6 **(3)(a)** No dealer or salesman shall make any statement or representation not
7 authorized by the issuer, or by a dealer registering securities under the provisions of
8 ~~R.S. 22:88(E)~~, Subsection E of this Section, or any statement or representation at
9 variance with, or not reasonably predicated upon, statements and documents filed by
10 the issuer or dealer in the office of the commissioner.

11 **(b)** Whoever violates this ~~Subsection~~ Paragraph shall be fined not more than
12 one thousand dollars for the first offense, and not more than five thousand dollars for
13 each subsequent offense, or imprisoned for not more than six months for the first
14 offense and for not more than one year for each subsequent offense, or both.

15 **(4)(a)** No person shall sign any statement, list, inventory, balance sheet, or
16 other paper or document required by any provision of this Section to be verified or
17 sworn to, knowing any representation therein contained to be false, misleading, or
18 untrue, and the depositing of any such statement or document in the office of the
19 commissioner shall be deemed prima facie evidence of knowledge of the falsity
20 thereof or of any representation therein contained, and of the wilful signing of such
21 statement or document.

22 **(b)** Whoever violates this ~~Subsection~~ Paragraph shall be guilty of perjury.

23 N. Statutory and civil remedies. Nothing in this Section shall limit any
24 statutory or civil right of any person to bring action in any court for any act involved
25 in the sale of securities as defined in this Section, or the right of this state to punish
26 any person for any violation of any law. The attorney general and each of the district
27 attorneys throughout this state, with regard to violations of this Section in their
28 respective districts, shall lend full assistance to the commissioner in any

1 investigations or prosecutions that the commissioner may deem necessary under the
2 provisions of this Section.

3 O. Appeals. An appeal may be taken by any person interested from any final
4 order of the commissioner to the district court of the parish of East Baton Rouge by
5 filing a petition therein against the commissioner, officially as defendant, within
6 twenty days after notice of the entry of such order and stating in said petition the
7 grounds upon which a reversal of such final order is sought. Such petition may be
8 accompanied by a demand upon the commissioner for a certified transcript of the
9 record and of all papers on file in his office affecting or relating to such order, and
10 such demand may be granted by the court and an order may be issued by the court
11 ordering the production of a transcript of such records upon the furnishing of bond by
12 the plaintiff, with good and sufficient security, to be approved by the court,
13 conditioned upon the faithful prosecution of such action to final judgment and upon
14 the payment of all costs including costs of making such transcript. Thereupon, the
15 commissioner shall within ten days make, certify, and file with the clerk of said court
16 such a transcript, or in lieu thereof, the original papers if the court shall so order; such
17 suit shall be given preference by the court over all matters pending in said court. The
18 court shall receive and consider the evidence, both oral and documentary concerning
19 the order of the commissioner objected to by the plaintiff. If the order of the
20 commissioner shall be reversed, the court shall enter such judgment, order, and decree
21 as the equities and exigencies may require, directing the commissioner as to his
22 further action in the matter, including the making and entering of any order or orders
23 in connection therewith, and the conditions, limitations, and restrictions to be therein
24 contained; ~~provided that~~ however, the commissioner shall not thereby be barred from
25 thereafter revoking or altering such order for any proper cause which may thereafter
26 accrue or be discovered. If said order shall be affirmed, the plaintiff shall not be
27 barred after thirty days from filing a new application, provided such new application
28 is not otherwise barred or limited. The court shall not in any wise suspend the
29 operation of any order of the commissioner during the pendency of the action. Mere

1 technical irregularities in the procedure of the commissioner shall be disregarded and
2 the burden shall rest on the plaintiff to prove his rights to a reversal of the order of the
3 commissioner. A devolutive appeal may be taken from the judgment of the district
4 court on the same terms and conditions as an appeal is taken in other civil actions.

5 P. Fees.

6 (1) In the event that any issue of securities as defined in this Section is not
7 registered for any cause by the commissioner, the commissioner is hereby authorized
8 to withhold from the application fee the sum of twenty-five dollars to defray the
9 expense actually and necessarily incurred by him for salaries and expenses in carrying
10 out the purposes of this Section.

11 (2) In the event that the application of any dealer or salesman is for any cause
12 not approved by the commissioner, the commissioner is hereby authorized to withhold
13 from the application fee the sum of ten dollars in the case of a dealer and the sum of
14 two and ~~50/100~~ one half dollars in the case of a salesman to defray the expenses
15 actually necessarily incurred by him for salaries and expenses in carrying out the
16 purposes of this Section.

17 Q. Construction. Nothing in this Section shall be construed to relieve
18 insurance companies from making reports now or hereafter required by law to be
19 made to the commissioner, or to any other state department or agency, or from paying
20 the fees, taxes, and charges now or hereafter to be paid by insurance companies. This
21 Section shall never be construed to repeal any law now in force regulating the
22 organization of insurance companies in this state or the admission of any foreign
23 insurance company, but the provisions of this Section shall be additional to any
24 provisions otherwise regulating the business of insurance.

25 * * *

26 §91. ~~Stockholders~~ Stockholders' meetings

27 Domestic stock insurers shall hold at least one stockholders' meeting annually
28 at a time and place specified in the articles of incorporation or by-laws of the insurer.
29 Each stockholder shall be entitled to vote each share of stock which he holds in his

own name at any and all stockholders' meetings. The right to vote any share of stock may be conferred upon another stockholder by a written proxy. Any proxy may be revoked at any time by the owner of the shares upon written notice to the secretary of the insurer or the presiding officer at any meeting.

* * *

§94. Duties of officers

A. The president or, in his absence, the one so designated to act for him, shall preside at all meetings of the directors and of the stockholders, unless otherwise provided in the charter or bylaws.

B. The secretary shall keep a record of the votes and proceedings of all meetings of the directors and stockholders, a list of the stockholders, the number of shares standing in the name of each, and a record of all transfers of shares. The secretary, or other authorized officer, shall keep a record of policies issued and all authorized assignments, cancellations, and transfers thereof. He shall keep such other books and perform such other duties as the president and board of directors may require. The intentional making of any false record by the secretary or any other officer of the insurer shall be deemed an act of perjury.

* * *

§96. Voluntary dissolution

A. A domestic insurer may, after a two-thirds affirmative vote of its stockholders, policyholders or subscribers, voluntarily discontinue its business and dissolve its corporate existence by: (1) consolidation or merger; (2) reinsuring its entire business under Subpart E of Part III of this Chapter ~~2 of this Title~~, R.S. 22:651, et seq.; or (3) cancelling its policy obligations and refunding the pro rata unearned premiums thereon, except as to its life insurance contracts, which shall be reinsured pursuant to Subpart E of Part III of this Chapter, ~~2 of this Title~~. After adequate provision has been made for the protection of its policyholders and creditors, such domestic insurer may petition the commissioner of insurance to distribute its remaining assets to its stockholders, policyholders, or subscribers as may be provided

in a dissolution agreement. No such plan of voluntary dissolution under this Section shall be effective until approved in writing by the commissioner of insurance.

* * *

§111. Surplus requirements; applicants prior to September 1, 1989

A. Domestic mutual insurers who apply for a certificate of authority prior to September 1, 1989, may transact the following kinds of insurance in this state upon qualifying therefor and by having an initial minimum surplus represented by assets as follows:

		Initial
		Minimum
	<u>Insurance</u>	<u>Surplus</u>
(1)	Life	\$ 300,000
(2)	Health and accident	300,000
	(1) and (2) above	300,000
(3)	Vehicle physical damage	250,000
(4)	Title	75,000
(5)	Industrial fire	300,000
(6)	Any company organized and authorized to transact worker's compensation only as of July 27, 1966	150,000
(7)	Any company organized and authorized to transact crop and livestock insurance only as of July 27, 1966	250,000
(8)	Vehicle	1,000,000
(9)	Liability	1,000,000
(10)	Worker's compensation	1,000,000
(11)	Burglary and forgery	1,000,000
(12)	Glass	1,000,000
(13)	Fidelity and surety	1,000,000

1	(14)	Fire and extended coverage	1,000,000
2	(15)	Steam boiler and sprinkler leakage	1,000,000
3	(16)	Crop and livestock	1,000,000
4	(17)	Marine and transportation (except hull)	1,000,000
5	(18)	Miscellaneous	1,000,000
6	(19)	All insurances, except life and title	1,000,000

B. For the ~~purpose~~ purposes of this Section, "vehicle physical damage insurance" shall be defined as insurance against loss or damage to any land vehicle or property while contained therein or thereon or being loaded or unloaded therein or therefrom.

B. C. Authority shall be granted mutual insurers upon compliance with all applicable requirements to transact combinations of kinds of insurance except as follows:

(1) An insurer authorized to transact life insurance shall not be authorized to transact any additional kind of insurance other than health and accident insurance.

(2) An insurer authorized to transact title insurance shall not be authorized to transact any additional kind of insurance.

~~C.~~ D. Domestic mutual insurers who apply for a certificate of authority on or after September 1, 1989, shall meet the initial minimum surplus and operating surplus requirements and other requirements of R.S. 22:112.

§112. Surplus requirements; applicants on and after September 1, 1989

* * *

B. For the ~~purpose~~ purposes of this Section, "vehicle physical damage insurance" shall be defined as insurance against loss or damage to any land vehicle or property while contained therein or thereon or being loaded or unloaded therein or therefrom

* * *

1 D. For the ~~purpose~~ purposes of this Section, assets representing at least fifty
2 percent of the operating surplus shall be maintained in cash or cash equivalents
3 prescribed by the commissioner.

4 * * *

5 §116. Methods of acquiring surplus

6 The initial minimum sum required may be raised by the insurer in either of the
7 following ~~manner~~ manners:

8 (1) By payment in advance of premiums by persons who desire to become
9 policyholders and members of the mutual insurer. Such payments must be made in
10 cash, and all sums so received shall be delivered in escrow to a depository satisfactory
11 to the ~~Commissioner~~ commissioner of ~~Insurance~~ insurance under an escrow
12 agreement providing that the organizers or promoters of the mutual insurer shall not
13 be entitled to withdraw such sums so deposited in escrow until sufficient initial
14 minimum surplus shall have been raised within the prescribed period of time as
15 provided by R.S. 22:115, and further containing a provision that in case sufficient
16 funds have not been raised within the said prescribed period, all funds so deposited
17 in escrow shall be refunded to the advance premium payors by the escrow agent ~~or~~.

18 (2) The mutual insurer may borrow a sum of money sufficient to defray the
19 reasonable expenses of its organization and to meet the requirements of R.S. 22:111
20 upon an agreement with the lender that the same, with interest at a rate not exceeding
21 eight ~~per cent~~ percent per annum, shall be repaid only in the event that after such
22 repayment with interest, the insurer shall be left possessed of sufficient assets to meet
23 all of its liabilities and to maintain a full reserve against all its policies and to maintain
24 the minimum surplus required by R.S. 22:111. Such agreement shall provide that the
25 insurer shall have the option to make such payment of the loan or any part thereof
26 whenever it shall be able to do so in accordance with the ~~above~~ requirements of this
27 Section.

1 §117. Dividends

2 No domestic mutual insurer shall pay any dividends to its policyholders unless
3 it has a surplus beyond the initial minimum surplus required and all other liabilities,
4 except a liability created under R.S. 22:116(2), equal to fifteen ~~per cent~~ percent of
5 such initial minimum surplus.

6 * * *

7 §119. Policyholders' meetings; voting rights

8 A. Domestic mutual insurers shall hold at least one policyholders' meeting
9 annually at a time and place specified in the charter or bylaws of the insurer. Each
10 policyholder shall be entitled to one vote on matters coming before corporate
11 meetings of the policyholders, subject to such reasonable minimum requirements as
12 to duration of his policy and amount of insurance held as may be made in the insurer's
13 charter or by-laws.

14 B. The right to vote by any policyholder may be conferred upon any other
15 policyholder by a written proxy. Any proxy may be revoked at any time by the
16 policyholder, upon written notice to the secretary of the insurer or the presiding
17 officer at any meeting.

18 §120. Elections of officers and directors

19 Election of officers and directors shall be made in the manner specified in the
20 charter or bylaws of the insurer, provided that:

21 * * *

22 (6) The board of directors shall meet at least six times a year and ~~oftener~~ as
23 often as may be required in the bylaws of the company;

24 * * *

25 §124. Domestic nonprofit mutual associations; insurer

26 Notwithstanding any law, regulation, or definition to the contrary, a domestic
27 nonprofit mutual association, as defined in this Section, is deemed to be an insurer for
28 the purposes of all surplus requirements, policy reserve requirements, and liquidation,
29 conservation, rehabilitation, and receivership proceedings all as defined and set out

1 in ~~R.S. 22:1 et seq.~~ this Title. For purposes of this Section, a domestic nonprofit
 2 mutual association shall include a domestic nonprofit mutual association which is
 3 engaged exclusively in the business of furnishing hospital service, medical, or
 4 surgical benefits, or any similar entity.

5 * * *

6 §132. Policy provisions

7 A. No service insurer shall issue a policy for a term of more than twenty years
 8 and all policies issued shall be incontestable after the lapse of one year from the date
 9 of its issue, except for non-payment of premiums or assessments. Thirty days written
 10 notice must be given to the policyholder before any policy shall be lapsed or forfeited
 11 for non-payment of premiums or assessments. All policy forms, endorsements, riders,
 12 and applications must be submitted to and approved by the ~~Commissioner~~
 13 commissioner of ~~Insurance~~ insurance before being used.

14 B. Each policy must specify those things which constitute the service to be
 15 furnished, performed, or rendered; and must also provide on the face of the funeral
 16 benefit policy a stated cash payment which will be made in lieu of such services in
 17 the event it is impossible or impractical to furnish such services as set forth in the
 18 policy. This cash payment shall be not less than one hundred percent of the stated
 19 value of such services, ~~on policies written after the effective date of this Section.~~

20 * * *

21 D. Such funeral policies shall also conform to the requirements of R.S.
 22 22:149(A)(2), (4), (5), (6), (7), (8), and (9).

23 §133. Deposits

24 ~~A.~~ All domestic service insurers shall, in addition to all other requirements,
 25 deposit with the commissioner of insurance a safekeeping or trust receipt of a bank
 26 doing business within this state or a savings and loan association chartered to do
 27 business in this state, indicating that five thousand dollars in money or approved
 28 bonds of the United States, the state of Louisiana, or any political subdivision thereof,
 29 of the par value of not less than twenty thousand dollars has been deposited, the value

thereof to be maintained; ~~which~~ Such deposit shall be held subject to the claim of any judgment creditor arising and accruing by virtue of any policy or certificates issued by such insurer, through judgment obtained against it in any court of this state, or in any federal court in this state.

~~B. Service insurers already organized and qualified under the laws of this state as of the effective date of this Section shall continue to have the same underwriting powers they had as of that date, provided all such insurers shall increase the deposit requirement to the amount set out in Subsection A of this Section on or before October 1, 1982.~~

* * *

§135. Incorporation of service insurers prohibited

No domestic service insurance company may be organized and no alien or foreign service insurer may be qualified ~~hereunder~~ by this Subpart to do business in this state after twelve o'clock noon of August 1, 1964.

§141. Industrial insurance defined

Industrial life insurance is hereby defined and shall be construed to be that insurance which is issued by: ~~a~~ (1) a domestic life insurance company, qualified as an industrial insurer; or (2) a life insurer, domestic or foreign, whose policies provide any or all of the benefits enumerated in R.S. 22:142, and whose policies shall not exceed the limitation set forth therein and whose policy provisions and nonforfeiture benefits are at least as favorable to the policyholder as those contained in R.S. 22:149, ~~and R.S. 22:146 and 149~~, respectively.

§142. Limitations

* * *

C. The limits provided in ~~Subsections~~ Subsection A and B of this Section shall be increased to the underwriting limits provided in R.S. 22:148 for those insurers who are entitled to increased underwriting powers under its provisions.

* * *

1 §143. Funeral described; benefits payable

2 A.

3 * * *

4 (4) The provisions of this Subsection shall be applicable to all claims existing
5 or actions pending on July 6, 2004, and all claims arising or actions filed on or after
6 July 6, 2004. The provisions of this Paragraph shall not be construed to ~~effect~~ affect
7 any claim arising from or involving any misrepresentation as to the terms and
8 conditions of the policy by an insurer or its agent to the insured.

9 * * *

10 §146. Nonforfeiture benefits

11 * * *

12 B. Within eight weeks after the due date of the first defaulted premium on
13 policies of industrial life insurance on which premiums have been paid for five full
14 years, application shall be made in writing by the assured, on blanks to be furnished
15 by the insurer at the insured's request for that purpose, for paid-up insurance, payable
16 at the same time, and under the same conditions, except as to payment of premiums,
17 as the original policy, or for the continuance of the insurance in force at its full
18 amount, less any indebtedness to the insurer, for such period as the net reserve will
19 purchase, or for cash value of the policy, all computed as ~~hereinabove~~ provided in this
20 Section. The term of temporary insurance herein provided for shall include the period
21 of grace, if any. If no option herein provided for shall be availed of by the assured,
22 the reserve herein provided, without further action on the part of the assured, shall be
23 applied either to purchase paid-up insurance or to continue the insurance in force at
24 its full amount as ~~hereinabove~~ provided in this Section. However, in the case of any
25 endowment policy, if the sum applicable to the purchase of temporary insurance be
26 more than sufficient to continue the insurance to the end of the endowment term
27 named in the policy the excess shall be used to purchase in the same amount pure
28 endowment insurance payable at the end of the endowment term named in the policy
29 under the conditions on which the original policy was issued. The policy shall state

which of the two forms will be automatic. In calculating nonforfeiture values as herein provided there shall be included all dividend additions from participating policies.

* * *

§148. Powers of existing industrial insurers

Industrial insurers already organized and qualified under the industrial laws of this state as of twelve o'clock noon of October 1, 1948, shall continue to have the same underwriting powers they had as of that date without the necessity of meeting the increased capital or deposit requirements of this ~~code~~ Code. All policies issued subsequent to twelve o'clock noon of October 1, 1948, by such insurers must conform to the provisions of this code, except as to the amount of insurance which may be written on a single life. No industrial insurer, not authorized to write policies in excess of one thousand two hundred fifty dollars as of twelve o'clock noon of October 1, 1948, can acquire such authority except by conversion to another type insurer, provided, however, that when any domestic industrial insurer, not so previously authorized, shall meet the minimum capital, surplus and deposit requirements, if a stock company, or the minimum initial surplus and deposit requirements, if a mutual company, required by this ~~code~~ Code of an ordinary insurer, it may, after appropriate charter amendment and without conversion to an ordinary insurer, or after conversion, issue industrial insurance on a single life in an amount not to exceed two thousand five hundred dollars exclusive of multiple indemnity, subject to all other provisions of this Subpart applicable to industrial insurers except as to amount.

§149. Required policy provisions

A. All industrial life insurance policies, delivered or issued for delivery in this state, shall contain, in substance, the following provisions, or provisions submitted by the insurer which in the opinion of the commissioner of insurance are more favorable to policyholders:

(1) Grace period. A provision that the insured is entitled to a grace period of four weeks within which the payment of any premium after the first may be made,

1 except that where premiums are payable monthly, or less frequently, the period of
2 grace shall be either one month or thirty days, during which period of grace the policy
3 shall continue in full force but in case the policy becomes a claim within said grace
4 period any overdue premiums may be deducted in any settlement under the policy.

5 (2) The contract. A provision that the policy shall constitute the entire
6 contract between the parties, or at the option of the insurer, a provision that the policy
7 and the application therefor shall constitute the entire contract between the parties,
8 and in the latter case the policy must contain a provision that all statements made by
9 the insured shall, in the absence of fraud, be deemed to be representations and not
10 warranties.

11 (3)~~(A)~~ Incontestability. A provision that the policy shall be incontestable
12 after it shall have been in force during the lifetime of the insured for a specified
13 period, not more than two years from its date, except for nonpayment of premiums
14 and except for violation of the conditions of the policy relative to naval or military
15 service, or services auxiliary thereto, and except as to provisions relating to benefits
16 in the event of disability as defined in the policy, and those granting additional
17 insurance specifically against death by accident or by accidental means, or to
18 additional insurance against loss of, or loss of use of, specific members of the body.
19 Provided a clause in any policy of industrial life insurance issued under this Code
20 providing such policy shall be incontestable after a specified period shall preclude
21 only the contest of the validity of the policy, and shall not preclude the assertion at
22 any time of defenses based upon provisions which exclude or restrict coverages
23 approved in this Paragraph ~~(3)~~ whether or not such restriction or exclusions are
24 excepted in such clause; nor upon a provision regarding misstatement of age as
25 provided in Paragraph (4) of this ~~Section~~ Subsection, whether or not such provision
26 is excepted in such clause.

27 ~~(B) No policy of industrial life insurance issued under this Section shall~~
28 ~~contain any provision which excludes or restricts liability for death caused in a certain~~
29 ~~specified manner or occurring while the insured has a specified status, except the~~

1 following provisions, or provisions which in the opinion of the insurance
2 commissioner are substantially the same or more favorable to the policyholders:

3 Provisions excluding or restricting coverage in the event of death occurring:

4 (a) As a result of war declared or undeclared under conditions specified in the
5 policy.

6 (b) While in

7 (i) the military, naval or air forces of any country at war declared or
8 undeclared, or

9 (ii) any ambulance, medical, hospital, or civilian noncombatant units serving
10 with such forces, either while serving with or within six months after termination of
11 service in such forces or units.

12 (c) As a result of self-destruction while sane or insane within two years from
13 the date of issue of the policy.

14 (d) As a result of aviation under conditions specified in the policy.

15 (e) Within two years from date of issue of the policy as a result of a specified
16 hazardous occupation or occupations, or while the insured is residing in a specified
17 foreign country or countries.

18 In the event of death as to which there is an exclusion or restriction pursuant
19 to Subparagraphs (a), (c), (d), or (e) of this provision, the insurer shall pay an amount
20 not less than the reserve on the policy, together with the reserve for any paid-up
21 additions thereto and any dividends standing to the credit of the policy, less any
22 indebtedness to the insurer on the policy, including interest due or accrued.

23 In the event of death as to which there is an exclusion or restriction pursuant
24 to Subparagraph (b) of this provision, the insurer shall pay the greater of (a) the
25 amount specified in the preceding paragraph or (b) the amount of the gross premiums
26 charged on the policy less dividends paid in cash or used in the payment of premiums
27 thereon and less any indebtedness to the insurer on the policy, including interest due
28 or accrued.

1 ~~None of the provisions of this Subsection shall apply to policies issued under~~
2 ~~R.S. 22:143 and 751(E), nor to any accidental benefits in the event such death be by~~
3 ~~accident or accidental means included in a life policy.~~

4 (4) Misstatement of age. A provision that if the age of the person insured, ~~(or~~
5 ~~or the age of any other person considered in determining the premium)~~ premium, has
6 been misstated, any amount payable or benefit accruing under the policy shall be such
7 as the premium paid would have purchased at the correct age or ages.

8 (5) Participating policy. If the policy is a participating policy, a provision that
9 the insurer shall periodically ascertain and apportion any divisible surplus accruing
10 on the policy.

11 (6) Reinstatement. A provision that the policy may be reinstated at any time
12 within one year from the due date of the premium in default unless the cash surrender
13 value has been paid, or the extension period expired, upon the production of evidence
14 of insurability including good health satisfactory to the insurer and the payment of all
15 overdue premiums and any unpaid loans or advances made by the insurer against the
16 policy with interest at a rate not exceeding six percent payable annually.

17 (7) Claim provision. A provision that when a policy shall become a claim by
18 the death of the insured, settlement shall be made upon receipt of due proof of death
19 or after a specified period not exceeding two months after receipt of such proof.

20 (8) Subject of insurance. A title on the face of the policy briefly describing
21 its form.

22 (9) Beneficiary requirement. A space on the front or back page of the policy
23 for the name of the beneficiary designated with a reservation of the right to designate
24 or change the beneficiary after the issuance of the policy. The policy may also
25 provide that no designation or change of beneficiary shall be binding on the insurer
26 until endorsed on the policy by the insurer, and that the insurer may refuse to endorse
27 the name of any proposed beneficiary who does not appear to the insurer to have an
28 insurable interest in the life of the insured. Such policy may also contain a provision
29 that the insurer may make any payment or grant any non-forfeiture provision to any

1 of the insured's relatives by blood or legal adoption or connection by marriage, or to
2 any person appearing to the insurer to be equitably entitled thereto by reason of
3 having been named beneficiary, or by reason of having incurred expense for the
4 maintenance, medical attention, or burial of the insured, and the production by the
5 insurer of a receipt signed by any of said persons shall be evidence that such payment
6 or privilege has been made or granted to the person or persons entitled thereto and
7 that all claims under the policy have been fully satisfied.

8 B. Exclusions and limitations. No policy of industrial life insurance issued
9 under this Section shall contain any provision which excludes or restricts liability for
10 death caused in a certain specified manner or occurring while the insured has a
11 specified status, except the following provisions, or provisions which in the opinion
12 of the insurance commissioner are substantially the same or more favorable to the
13 policyholders:

14 (1) Provisions excluding or restricting coverage in the event of death
15 occurring:

16 (a) As a result of war declared or undeclared under conditions specified in the
17 policy.

18 (b) While in:

19 (i) The military, naval, or air forces of any country at war declared or
20 undeclared.

21 (ii) Any ambulance, medical, hospital, or civilian noncombatant units serving
22 with such forces, either while serving with or within six months after termination of
23 service in such forces or units.

24 (c) As a result of self-destruction while sane or insane within two years from
25 the date of issue of the policy.

26 (d) As a result of aviation under conditions specified in the policy.

27 (e) Within two years from date of issue of the policy as a result of a specified
28 hazardous occupation or occupations, or while the insured is residing in a specified
29 foreign country or countries.

1 (2) In the event of death as to which there is an exclusion or restriction
 2 pursuant to Subparagraph (1)(a), (c), (d), or (e) of this Subsection, the insurer shall
 3 pay an amount not less than the reserve on the policy, together with the reserve for
 4 any paid-up additions thereto and any dividends standing to the credit of the policy,
 5 less any indebtedness to the insurer on the policy, including interest due or accrued.

6 (3) In the event of death as to which there is an exclusion or restriction
 7 pursuant to Subparagraph (1)(b) of this Subsection, the insurer shall pay the greater
 8 of: (a) the amount specified in Paragraph (2) of this Subsection; or (b) the amount of
 9 the gross premiums charged on the policy less dividends paid in cash or used in the
 10 payment of premiums thereon and less any indebtedness to the insurer on the policy,
 11 including interest due or accrued.

12 (4) None of the provisions of this Subsection shall apply to policies issued
 13 under R.S. 22:143 and 751(E), nor to any accidental benefits in the event such death
 14 be by accident or accidental means included in a life policy.

15 §150. Exceptions

16 The requirements in R.S. 22:149 shall not be applicable as follows:

17 (1) When an industrial life insurance policy is issued by any domestic,
 18 foreign, or alien insurer providing other benefits, in addition to life insurance, the
 19 ~~foregoing~~ provisions of R.S. 22:149 shall apply only to the life insurance portion of
 20 the policy.

21 (2) Any of the ~~foregoing~~ provisions of R.S. 22:149 or portions thereof not
 22 applicable to non-participating or term or paid-up policies shall to that extent not be
 23 incorporated therein.

24 §161. Scope of Subpart

25 * * *

26 B. As used in this Subpart, "subscriber" means the participant or policyholder;
 27 "attorney-in-fact" means the representative of the subscribers through whom

1 reciprocal insurance is exchanged; and "reciprocal insurer" means the organization
2 or group of all the subscribers.

3 * * *

4 §165. Minimum application and surplus requirements

5 A. A domestic reciprocal insurer, if it has otherwise complied with the
6 provisions of this Code, may be authorized to exchange contracts of insurance in this
7 state upon qualifying therefor and by having initial minimum assets as follows:

8		Initial
9		Minimum
10	<u>Insurance</u>	<u>Surplus</u>
11	(1) Health and accident	\$ 300,000
12	(2) Vehicle physical damage	250,000
13	(3) Title	75,000
14	(4) Industrial fire 300,000	
15	(5) Any company organized and authorized to	
16	transact worker's compensation only as of	
17	July 27, 1966	150,000
18	(6) Any company organized and authorized to	
19	transact crop and livestock insurance only as	
20	of July 27, 1966	250,000
21	(7) Vehicle	1,000,000
22	(8) Liability	1,000,000
23	(9) Worker's compensation	1,000,000
24	(10) Burglary and forgery	1,000,000
25	(11) Glass	1,000,000
26	(12) Fidelity and surety	1,000,000
27	(13) Fire and extended coverage	1,000,000
28	(14) Steam boiler and sprinkler leakage	1,000,000
29	(15) Crop and livestock	1,000,000

1	(16)	Marine and transportation	1,000,000
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2	(17) Miscellaneous	1,000,000
---	--------------------	-----------

3	(18)	All insurances, except life and title	1,000,000
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4 B. For the ~~purpose~~ purposes of this Section, vehicle physical damage
5 insurance shall be defined as insurance against loss or damage to any land vehicle or
6 property while contained therein or thereon or being loaded or unloaded therein or
7 therefrom.

8 B. C. Insurers already organized and qualified under the laws of this state as
9 of July 27, 1966, shall continue to have the same underwriting powers they had as of
10 that date, provided all such insurers shall increase the surplus requirements to the
11 amounts set out in Subsection A of this Section ~~±65~~ on or before August 1, 1967.

12 * * *

13 §168. Documents to be filed

14 A. Upon execution of the declaration of organization, there shall be filed with
15 the commissioner of insurance the following:

16 (1) The declaration of organization.

(2) A copy of the power of attorney of the attorney-in-fact under or by virtue of which insurance contracts are to be effected or exchanged.

(3) The insurer's irrevocable authorization of the secretary of state, and his successors in office, to receive legal process issued in this state against the insurer.

(4) All forms of insurance policies or contracts and endorsements proposed to be used and the forms of applications therefor.

23 ~~(5) Two organization bonds, or the cash or securities provided for in R.S.~~
24 ~~22:169.~~

25 B. Upon approval of the commissioner of insurance, he shall record with the
26 secretary of state ~~Paragraphs (1), (2) and (3) of this Section:~~ a copy of the insurer's
27 irrevocable authorization of the secretary of state, and his successors in office, to
28 receive legal process issued in this state against the insurer.

29 * * *

§171. Deposit

Each domestic reciprocal insurer shall make and maintain with the commissioner of insurance a safekeeping or trust receipt from a bank doing business in this state indicating that a deposit of cash or approved securities has been made in an amount required by Part II of Chapter 3 of this Title, ~~22 of the Louisiana Revised Statutes of 1950~~.

§172. Certificate of authority

When the commissioner of insurance has been notified that the required bona fide applications have been received and that the reciprocal insurer has received from each subscriber the full annual premium or premium deposit required for each policy applied for and has on hand the initial surplus provided in R.S. 22:165, ~~or, in lieu of these requirements, that the minimum surplus provided in R.S. 22:436⁺~~ if it is to transact one kind of business only is on hand, he shall conduct an examination of the insurer. If he finds that the organization is complete, and that all of the requirements of the Code have been met, he shall issue to the attorney-in-fact a certificate of authority in the name of the insurer to transact the kind or kinds of business specified therein. No attorney-in-fact shall transact any business of insurance until the certificate of authority has been received nor any business not specified in such certificate of authority.

* * *

§175. Non-assessable contracts

~~Except as provided in R.S. 22:436[†], any Any domestic reciprocal insurer~~
authorized so to do by its declaration of organization may issue policies without
contingent liability of the subscriber for assessment upon approval of the
commissioner of insurance and upon compliance with the following requirements:

* * *

§176. Contributed surplus

The attorney-in-fact or subscribers of a reciprocal insurer may make contributions to surplus under agreements approved by the commissioner of insurance

which may provide for the payment of interest not exceeding eight ~~per cent~~ percent per annum and shall provide that the contributions and interest thereon shall be repaid only out of the surplus of such insurer in excess of the original surplus required of such insurer by R.S. 22:165. Such excess of surplus shall be calculated upon the fair market value of the assets of the insurer, and any contributions to surplus shall constitute and be enforceable as a liability of the insurer only as against such excess of surplus. Any unpaid balance of such contributions to surplus shall be reported in the annual statement to be filed with the commissioner of insurance and no part of such contributions shall be repaid to the contributors, except under such terms and in such circumstances as are approved by the commissioner of insurance.

§177. Process

* * *

B. When such process is served upon the secretary of state, duplicate copies of such process shall be delivered to him and he shall immediately forward one copy of such process to the insurer's attorney-in-fact, by registered mail with return receipt requested, postage prepaid, giving the day and hour of such service.

* * *

~~§183. Application for receiver, etc.~~

No proceedings for the dissolution of, or the appointment of a receiver for, any domestic reciprocal insurer shall be entertained by any court in this state unless the same is made by the commissioner of insurance in accordance with R.S. 22:73, 96, ~~Chapter 9 of this Title and Subpart H of Part III of this Chapter, 2 of this Title, R.S.~~ 22:731 et seq., and Chapter 9 of this Title, R.S. 22:2001 et seq.

* * *

SUBPART G. ~~NON-PROFIT~~ NONPROFIT

FUNERAL SERVICE ASSOCIATIONS

§191. Definitions

For the purposes of this Subpart, the terms stated ~~below~~ in this Section have the meanings assigned to them, respectively, unless the context otherwise requires:

(1) "~~Non-profit~~ Nonprofit funeral service association" or "~~non-profit nonprofit~~ association" means a corporation organized, incorporated, and operated under the provisions of this Subpart which furnishes to its policyholders funeral services, supplies, and other benefits hereinafter authorized on the assessment or ~~co-operative~~ cooperative plan, but the term shall not be construed to affect or apply to grand or subordinate lodges of Masons, Odd Fellows, Knights of Columbus, Daughters of America, or to any other fraternal benefit society organized and qualified prior to 12:00 noon, October 1, 1948.

(2) "Policyholder" means any person who is named as a beneficiary in a policy or certificate of membership issued by a ~~non-profit~~ nonprofit funeral association.

(3) "Insured bank" means a bank, the deposits of which are insured by the Federal Deposit Insurance Corporation.

(4) "Funeral services and supplies" means the general and usual services rendered and supplies furnished by undertakers, embalmers, and funeral directors.

§192. Incorporation and qualification of incorporators

A.(1) Five or more natural persons who are residents of this state of full age, or fully relieved by emancipation of all disabilities attaching to minority, may form a ~~non-profit~~ nonprofit corporation, under the provisions of this Subpart, having for its purpose the establishing, maintaining, and operating of a ~~non-profit~~ nonprofit funeral service plan.

(2) No such insurer, however, may be organized and no alien or foreign insurer may be qualified hereunder to do business in this state after 12:00 noon of August 1, 1956.

B. All associations now operating and authorized under this Subpart, as of 12:00 noon, August 1, 1956, to do business in this state, may continue to operate, provided that, from and after December 31, 1956, all policies issued by such insurers and the income therefrom and investment thereof, shall be subject to and in accordance with the laws and regulations of this state relative to industrial life

insurance, and especially subject to the provisions of this Code relative to domestic industrial insurers, and shall be authorized to issue only funeral benefit policies in amounts not exceeding an aggregate of five hundred dollars, ~~(including the amount of any existing assessment policies)~~, on any single life, with no multiple indemnity benefits. The operation of all present insurers shall be governed by the provisions of this Subpart; and by all the applicable provisions of this Code.

§193. Articles of incorporation

A. Articles of incorporation shall be executed by authentic act signed by each of the incorporators, or by his agent duly authorized by authentic act, which authorization shall be attached to the articles of incorporation, and shall state:

(1) The name of the association;

(2) That it is formed for the purposes of establishing, maintaining, and operating a ~~non-profit~~ nonprofit funeral service plan;

(3) Its duration;

(4) The location and post office address of its principal office;

(5) The full names and post office addresses of officers designated by it for service of process;

(6) The number, terms of office, and manner of election of directors and officers; and the names and post office addresses and respective titles of the first officers;

(7) Provisions for meetings at least annually of the policyholders;

B. In addition to the ~~above~~ information specified in Subsection A of this Section, the articles may contain any provision creating, defining, dividing, limiting, or regulating the powers of the directors, officers, or policyholders or any other provisions not inconsistent with this Subpart or the laws of this state for the carrying out of the purposes and the conduct of the affairs of the association.

1 §194. The corporate name

2 A. The corporate name must end with the words "Funeral Association" or the
3 words "Funeral Association Incorporated" or the words and abbreviation "Funeral
4 Association, Inc."

5 B. The corporate name shall not be the same as nor deceptively similar to the
6 name of any other domestic insurer nor any foreign insurer authorized to do business
7 in this state.

8 §195. Filing and recording articles; application for certificate of authority; issuing
9 certificates of incorporation and authority

10 A. The articles, or a multiple original thereof, shall be recorded in the office
11 of the recorder of mortgages of the parish in which the registered office of the
12 association is situated and a certified copy of the articles bearing the certificate of the
13 proper recorder of mortgages showing the date when the articles were filed for record
14 in his office, together with an application signed by the first directors for a certificate
15 of authority to operate under this Subpart, shall be delivered to the commissioner of
16 insurance. If the commissioner of insurance finds the facts conform to the law, he
17 shall approve same, and the ~~Articles~~ articles shall be recorded in the manner specified
18 in R.S. 22:64.

19 B. There shall be attached to the application for certificate of authority the
20 following:

21 (1) A sworn statement of its president or vice-president and treasurer
22 showing:

23 (a) The number of persons, which shall not be less than five hundred, who
24 have, in good faith, made application in writing for policies and the number of those
25 persons who fall within each class or group as provided in the ~~by-laws~~ bylaws of the
26 association;

27 (b) That there has been created and deposited with an insured bank to the
28 credit of the association a sum of money as a reserve fund equal to the aggregate
29 amount of the initial membership fees, as required by the ~~by-laws~~ bylaws, of all

persons who have made application in writing for policies or the sum of ten thousand dollars, whichever is the greater;

(c) That the association has created no debts and is under no obligation except to issue policies to the persons who have made application therefor;

(2) Copies of proposed forms of applications, policies, or membership certificates and ~~by-laws~~, bylaws.

* * *

§196. Application for policies

A. All applications for policies shall be signed on a written, typewritten, or printed form identical with the form of application filed with the commissioner of insurance for policies of the type to be issued and, in addition to the signature of the applicant, or his mark in case he is unable to write, must be signed by the officer or agent of the association soliciting or receiving the application. No ~~agent~~ producer may sign any application which he has not personally solicited or received.

B. The applications for policies must state: the age on the nearest birthday of each person for whose benefit the application is made; that no person named in the application as a beneficiary is less than one month nor more than seventy years of age; that each person named in the application as a beneficiary is in good health, free from any chronic disease, and not under treatment by any doctor and that, subject to its incontestability after one year from its date, except for non-payment of assessments, any misrepresentation in the application in regard to the health or age of any beneficiary at the time the application is signed will forfeit all rights to policy benefits; and such other statements not inconsistent herewith as may be required by the articles or by-laws.

C. All applications for policies must be kept on file in the office of the association. When any policyholder shall die, the application of such policyholder shall be retained for a period of at least three years after his death and the original applications for all policies which subsequently become lapsed or forfeited shall be

1 retained for a period of at least three years after the date of the lapse or forfeiture
2 thereof.

3 D. A policyholder in good health and not over seventy years of age who has
4 permitted his policy to lapse may rejoin upon terms fixed in the ~~by-laws~~ bylaws of the
5 association and signing a statement in regard to his health as in the original
6 application. Policyholders whose policies have lapsed and who are over seventy and
7 under ninety years of age may reinstate only in the old age group.

8 E. In the case of family group policies, the application must be signed by one
9 or more members of the family group to be covered by the policy.

10 §197. Policies

11 A. Every policy issued by any association authorized under this Subpart shall
12 have plainly printed on the first page thereof the words "Assessment or ~~Co-operative~~
13 Cooperative Plan", shall specify the services which it promises to furnish, the
14 contingency upon which it agrees to furnish the same, the name of each beneficiary,
15 the class or group in which each beneficiary is placed, the amount of each assessment
16 to be required of each beneficiary, and the value of the benefit to be furnished each
17 beneficiary. There shall be printed on each policy, either on the reverse thereof or a
18 sheet attached thereto, a copy of the bylaws of the association. The policy may also
19 contain any other provision, language, or appendage not calculated to operate as a
20 fraud upon, or mislead, the policyholder.

21 * * *

22 §198. ~~By-laws~~ Bylaws

23 A. The board of directors of an association authorized under this Subpart may
24 make and alter ~~by-laws~~ bylaws not inconsistent with the law or articles. The initial
25 ~~by-laws~~ bylaws filed with the articles shall be signed by the first directors named in
26 the articles.

27 B. The ~~by-laws~~ bylaws of all associations authorized under this Subpart shall
28 contain:

(1) A statement that the treasurer shall make all assessments and pay out all money belonging to the association;

(2) The name of the undertaker or funeral directing firm with which the association has contracted to furnish the services specified in the policies;

(3) A description of the various classes or groups into which the policyholders are divided, the benefits to be furnished each class or group, the amount of the assessment of the members of each class or group, and the contingency upon which the assessment shall or may be made;

(4) The period of delay after assessment, which shall be not less than thirty days, within which assessments must be paid in order to prevent the forfeiture of policies;

(5) The person, firm, or corporation to be notified in event of the death of a policyholder or beneficiary;

(6) The time and place of the annual meeting of policyholders;

(7) The notice and manner of calling special meetings of policyholders; and

C. The bylaws may contain any other lawful provisions which may be desired for the purpose of defining, limiting, and regulating the exercise of the authority of the association, directors, officers, or policyholders.

§199. Amendment of articles and ~~by-laws~~ bylaws

A. The articles may be amended by the board of directors with the approval of the commissioner of insurance. The amendment shall be adopted by the board at any regular or special meeting and then submitted to the commissioner of insurance, who shall approve the same unless it is contrary to law. Upon its approval by the commissioner of insurance, the amendment shall be recorded in the manner provided in R.S. 22:67.

B. The board of directors may at any regular or special meeting adopt amendments to the ~~by-laws~~, bylaws, subject to the approval of the commissioner of insurance, but no amendment that provides for the extension of the benefits of the policies of the association to a group or class of persons not previously provided for

1 or provides for any change with respect to the benefits to be furnished any group or
2 class of policyholders or provides for any change regarding the amount of any
3 assessments or contingency upon which any assessment shall or may be made or
4 provides for any change as to the period of delay within which assessments ~~must~~ shall
5 be paid in order to prevent the forfeiture of policies or changes the time or place of
6 the annual meeting of policyholders; shall be approved unless ratified by the
7 policyholders at a regular or special called meeting of policyholders.

8 §200. Directors

9 A. Subject to such limitations, restrictions, or reservations as may be provided
10 in the articles, the ~~by-laws~~ bylaws, or this Subpart, all of the corporate powers shall
11 be vested in and the affairs of the association shall be managed by a board of not less
12 than three nor more than fifteen directors who ~~must~~ shall be policyholders in good
13 standing.

14 B. The number, qualifications, terms of office, manner of election, time and
15 place of and manner of calling and holding meetings, powers and duties, and method
16 of and cause for removal of directors may, subject to the provisions of this Subpart,
17 be prescribed by the articles or ~~by-laws~~ bylaws.

18 C. Unless otherwise provided in the articles, a majority of the board of
19 directors shall be necessary to constitute a quorum for the exercise of any of the
20 powers conferred by the articles or this Subpart upon the board.

21 §201. Officers and ~~agents~~ directors

22 A. The board of directors shall elect a president, a vice-president, a secretary,
23 and a treasurer, all of whom, except the treasurer, shall be members of the board of
24 directors. Any two of the ~~above named~~ these officers may be combined in one person
25 and should the office of treasurer and another one of ~~said~~ the officers be combined in
26 one person, ~~said that~~ that officer need not be a member of the board of directors. The
27 treasurer may be a member of the board.

28 B. The president shall be ~~ex-officio~~ ex officio chairman of the board of
29 directors. He shall preside at all meetings of the ~~said~~ board and at all meetings of the

1 policyholders; and shall perform such other duties and functions as are required or
2 permitted by this Subpart and the provisions of the articles. In the absence of the
3 president, the vice-president shall act in his place and stead.

4 C. The secretary shall record all proceedings of the meetings of the board of
5 directors and policyholders and perform such other duties and functions as are
6 required or permitted by this Subpart and the provisions of the articles.

7 D. The qualifications, terms of office, manner of election, and the powers and
8 duties of the officers may, subject to the provisions of this Subpart, be prescribed by
9 the articles or ~~by-laws~~ bylaws. No person shall solicit, write, or issue any policy
10 under this Subpart without having first been duly licensed by the commissioner of
11 insurance as ~~an agent~~ a producer.

12 §202. Policyholders' meetings

13 A. Meetings of the policyholders shall be held at such times and places as the
14 articles and ~~by-laws~~ bylaws may provide but the articles and ~~by-laws~~ bylaws shall
15 provide for the manner of calling and the notice to be given of special meetings of the
16 policyholders. The articles or ~~by-laws~~ bylaws shall provide that notice of any special
17 meeting of policyholders shall be in writing addressed to each policyholder and
18 deposited in the mails at the location of the office of the corporation with postage paid
19 not less than fifteen days prior to the meeting date.

20 B. In case of family group policies, notice given to the head of the family
21 group covered thereby shall be deemed sufficient notice to all of the members of such
22 group.

23 C. The policyholders present at any regular or special meeting of
24 policyholders shall constitute a quorum and any act which requires the authorization
25 or approval of the policyholders shall be valid if authorized or approved by the
26 majority of those present at any such meeting.

27 * * *

1 §204. Service

2 Except as hereinafter authorized, funeral services and supplies only can be
3 furnished by any association operating hereunder and payment therefor shall be made
4 to the undertaker or funeral_directing firm furnishing the funeral and not the family
5 of the deceased. The funeral services and supplies shall be furnished by the
6 undertaker or funeral_directing firm named in the ~~by-laws~~ bylaws of the association
7 but in a case of emergency the undertaker or firm so named, upon being notified of
8 the death of a policyholder, may select another undertaker or firm to provide the
9 services and supplies, in which event payment of the stipulated benefit shall be made
10 in cash to the undertaker or funeral_directing firm named in the ~~by-laws~~ bylaws of the
11 association.

12 * * *

13 §206. Expenses

14 The expenses of necessary printing, stationery, postage, office supplies and
15 expenses, clerical hire, statutory fees, and examination fees; may be paid by the
16 association. The total of all expenses shall not exceed twenty-five percent of each
17 assessment and shall be paid out of the general fund of the association.

18 * * *

19 §208. Books and records

20 Every association shall keep at its office a record of all proceedings of the
21 board of directors and policyholders in regular or special called meetings and shall
22 keep such other books, accounts and records as may be necessary to accurately reflect
23 at all times the actual condition of the association and whether or not it is complying
24 with the provisions of this Subpart, the articles and ~~by-laws~~ bylaws. All records of
25 the association shall be available for inspection by representatives of the office of the
26 commissioner of insurance and the policyholders at all times. The books of an
27 association may be closed not more than thirty days prior to an assessment.

28 * * *

1 §210. Reports and financial statements

2 Every association shall, on or before the first day of March in each year, make
3 and file with the commissioner of insurance a report of its affairs and its operations
4 during the year ending on the ~~31st~~ thirty-first of December immediately preceding.
5 Such report shall be signed by the president or vice-president and the secretary and
6 treasurer and shall contain the following:

7 * * *

8 §211. Expiration of certificate of authority; renewal

9 Every certificate of authority issued by the commissioner of insurance to any
10 association, ~~and agents' licenses issued under this Subpart~~ shall continue in force until
11 the thirty-first day of March, inclusive, next following its issuance, unless the same
12 be sooner revoked, and shall be reinstated each year upon compliance with all of the
13 provisions of this Subpart.

14 §212. Merger and consolidation

15 A. Any two or more associations operating under this Subpart having in the
16 aggregate a number of policyholders of not less than five hundred to each of the
17 constituent associations may merge or become consolidated by complying with the
18 provisions of this Section.

19 B. The boards of directors of the constituent associations shall enter into an
20 agreement by authentic act setting forth the terms, conditions, and the plan of the
21 proposed merger or consolidation and shall submit the same to the commissioner of
22 insurance for his approval. If from an examination made by him or his authorized
23 representative, it shall appear to the commissioner of insurance that the proposed plan
24 is feasible and that the same will not operate injuriously to the policyholders of any
25 of the constituent associations, he shall approve the same and the merger or
26 consolidation shall become effective upon his approval. The commissioner of
27 insurance may, if he deems it advisable, direct that meetings of the policyholders of
28 the constituent associations or any of them be called for the purpose of ratifying or
29 approving the proposed plan.

1 C. In addition to the ~~above~~ other requirements of this Section, any association
2 incorporated or hereinafter incorporated under the provisions of this Subpart; may
3 with the consent of the board of directors and any other association or corporation
4 operating a ~~non-profit~~ nonprofit funeral association other than under the provisions
5 of this Subpart by and with the consent of the officers ~~and/or~~ or board of directors of
6 the other association or corporation, as provided for under the ~~by-laws~~, bylaws, rules,
7 and regulations of the association or corporation, and upon approval of the
8 commissioner of insurance or his authorized representative, if the plan shall appear
9 to the commissioner of insurance or his authorized representative to be feasible and
10 that the same will not appear to operate injuriously to the policyholders of either
11 association, shall by written contract in authentic form, assume the debts, policies,
12 and obligations of the other association or corporation; and continue to satisfy the
13 terms and conditions of the outstanding policies ~~and/or~~ or contracts under the same
14 rates as provided for in the policies until all policies outstanding have expired,
15 provided that all new policies shall be issued according to the provisions of this
16 Subpart, and by and under the name of the association incorporated under the
17 provisions of this Subpart.

18 §213. Liquidation

19 A. Whenever the board of directors of any association operating under this
20 Subpart shall be desirous of discontinuing the operations of the association, it shall
21 immediately notify the commissioner of insurance and submit a plan for the
22 liquidation of the association. The commissioner of insurance shall cause an
23 examination of the association to be made and if it appears that the association has
24 complied with all the provisions of this Subpart, he shall direct that a meeting of the
25 policyholders be called, at which meeting the proposed plan of liquidation shall be
26 submitted and if approved by the policyholders, shall be carried into effect. At such
27 meeting, the policyholders shall be permitted, if they elect to do so, to elect a new
28 board of directors and in lieu of liquidating continue the operation of the association.
29 Should the policyholders disapprove of the plan of liquidation and fail to reorganize

1 in such a manner as to continue the operation of the association, the association shall
 2 be liquidated under the direction of the commissioner of insurance as in the case of
 3 associations which have persisted in the violation of the provisions of this Subpart,
 4 the articles, or ~~by-laws~~. bylaws.

5 B. Whenever it appears to the commissioner of insurance that any association
 6 is failing to comply with the provisions of this Subpart or its articles or ~~by-laws~~
 7 bylaws in any respect, he shall immediately notify the officers of the association to
 8 that effect, specifying in what respects it is claimed that the association is failing to
 9 comply and if after such notice the association persists in the violations of the
 10 provisions hereof, the commissioner of insurance shall proceed to apply for
 11 liquidation of the association in accordance with R.S. 22:73, 96, ~~Chapter 9 of this~~
 12 ~~Title and Subpart H of Part III of this Chapter, 2 of this Title.~~ R.S. 22:731 et seq., and
 13 Chapter 9 of this Title, R.S. 22:2001 et seq.

14 §214. Fees payable

15 Every ~~non-profit~~ nonprofit funeral service association shall pay the following
 16 fees:

17 ~~A:~~ (1) To the secretary of state:

18 ~~1:~~ (a) For filing and recording articles, twenty-five cents per one hundred
 19 words.

20 ~~2:~~ (b) For certificate of recordation, one dollar.

21 ~~B:~~ (2) To the commissioner of insurance:

22 ~~1:~~ (a) For each certificate of authority, twenty-five dollars.

23 ~~2:~~ (b) For each examination, not exceeding twenty-five dollars per diem and
 24 expenses for each examiner.

25 ~~3:~~ (c) ~~Each agent's~~ For each producer's license, two dollars.

26 §215. Exemption from taxation

27 All ~~non-profit~~ nonprofit funeral service associations operating hereunder are
 28 declared to be charitable and beneficial institutions and they as well as all of their
 29 receipts, funds, reserves, and all of their property, except real estate, used in

1 connection with the operation of their affairs shall be exempted from any and all
2 forms of taxation, except the fees prescribed in R.S. 22:214, by the state or any of its
3 political subdivisions.

4 §216. Penalties

5 A. Any person who shall solicit any application for or issue or cause to be
6 issued any policy or membership certificate of any association within the provisions
7 of this Subpart without a certificate of authority having been procured by such
8 association from the commissioner of insurance or after such certificate has expired
9 or become suspended or revoked, or any person representing himself to be ~~an agent~~
10 a producer without having been duly licensed as ~~hereinabove~~ provided; in this Subpart
11 shall be deemed guilty of a misdemeanor and upon conviction shall be fined not more
12 than five hundred dollars or be imprisoned for not more than three months or both at
13 the discretion of the court.

14 B. Any officer, director, ~~or agent~~ producer of any association embraced
15 within the provisions of this Subpart who shall wilfully commit any of the following
16 acts and any officer, director, or producer of any such association who shall wilfully
17 condone or acquiesce in any of these acts shall be deemed guilty of a misdemeanor
18 and upon conviction shall be fined not more than one thousand dollars or be
19 imprisoned for not more than six months or both at the discretion of the court:

20 (1) ~~Solicit or receive~~ Soliciting or receiving any application which does not
21 comply with ~~the first two paragraphs of R.S. 22:196(A) or (B); or,~~

22 (2) ~~Fail~~ Failing to retain the original applications for policies as required by
23 ~~the third paragraph of R.S. 22:196(C); or,~~

24 (3) ~~Issue~~ Issuing any policy which does not comply with R.S. 22:197; ~~or,~~

25 (4) ~~Fail~~ Failing to maintain the reserve fund required by R.S. 22:203; ~~or,~~

26 (5) ~~Withdraw or use~~ Withdrawing any funds of such association in any other
27 manner than is ~~herein~~ specifically authorized; ~~or in this Subpart.~~

28 (6) ~~Issue~~ Issuing any policy or make or cause to be made any assessment not
29 provided for or authorized by R.S. 22:205; ~~or,~~

1 (7) ~~Fail~~ Failing to maintain books or records as required by R.S. 22:208; ~~or.~~

2 (8) ~~Refuse~~ Refusing to any duly authorized representative of the office of the
3 commissioner of insurance access to the books and records of the association; ~~or.~~

4 (9) ~~Fail~~ Failing to file or ~~fail~~ failing to file within the required time the reports
5 required by R.S. 22:210; ~~or.~~

6 (10) ~~Make or cause~~ Making or causing to be made any assessment without a
7 certificate of authority having been secured from the commissioner of insurance or
8 after such certificate has expired or become suspended or revoked; ~~or.~~

9 (11) ~~Make or cause~~ Making or causing to be made any assessment for any
10 death which occurred prior to the date as of which any previous assessment was made
11 as shown by the statement and list accompanying such previous assessment; ~~or.~~

12 (12) ~~Fail~~ Failing to furnish with any assessment a statement of the receipts
13 and disbursements of the previous assessment and list of the names of the
14 policyholders who have died since the previous assessment and the value or amount
15 of benefit furnished each; ~~or.~~

16 (13) ~~Fail~~ Failing to include in any assessment any policyholder who has
17 received a policy more than sixty days prior to such assessment; ~~and any officer,~~
18 ~~director or agent of any such association who shall wilfully condone or acquiesce in~~
19 ~~any of said acts, shall be deemed guilty of a misdemeanor and upon conviction shall~~
20 ~~be fined not more than one thousand dollars or be imprisoned for not more than six~~
21 ~~months or both at the discretion of the court.~~

22 * * *

23 §236. Definitions

24 As used in this Subpart, the following terms shall have the respective
25 meanings hereinafter set forth, unless the context shall otherwise require:

26 * * *

27 (11) "Mutual insurer" and "mutual life insurer" both mean for purposes of this
28 Subpart a domestic mutual insurer subject to Subpart C of ~~Chapter 2 of this Title~~ this
29 Part, R.S. 22:111 et seq. that is authorized to transact life, or life and accident and

1 health insurance in this state, but does not mean a domestic nonprofit mutual
2 association as described in R.S. 22:124.

3 * * *

4 §236.3. Consideration and dividend protections

5 A. In effecting a conversion of a reorganizing mutual, each eligible member
6 shall be entitled to consideration in an amount equal to his or its equitable share of the
7 value of the reorganizing mutual as provided for in the plan of reorganization, as
8 follows:

9 (1) The consideration to be distributed to eligible members may consist of
10 cash, stock of the reorganized company or its parent corporation, or if appropriate for
11 tax or other reasons, additional life insurance and annuity benefits, any combination
12 of these forms of consideration, or other forms of consideration acceptable to the
13 commissioner. The form or forms of consideration to be distributed to an eligible
14 member may differ according to the class or category of policy owned by the eligible
15 member. The choice of the form or forms of consideration to be distributed to
16 eligible members in accordance with the class or category of policy owned by such
17 members may take into account such factors as the type of policy with respect to
18 which the consideration is being distributed and the amount being distributed with
19 respect to such policies, the country of residence, or tax status of the member or other
20 appropriate factors; however, if the consideration to be distributed to an eligible
21 member will be in a form other than common stock of a publicly traded company, the
22 plan of reorganization shall include provisions for determining, in a reasonable
23 manner, the value of the consideration by means of reference to the per share public
24 market value of the registered common stock of the reorganized company or its parent
25 corporation or another method acceptable to the commissioner.

26 (2) The reorganizing mutual shall obtain an opinion addressed to the board
27 of directors of the reorganizing mutual from a qualified investment banker that the
28 provision of consideration upon the extinguishment of the membership interests

pursuant to the plan of reorganization is fair to the eligible members, as a group, from a financial point of view.

B. The method of allocating consideration among eligible members shall be fair and equitable, as follows:

(1) The method shall provide for each eligible member to receive: (a) a fixed component of consideration or a variable component of consideration, or both; or (b) any other component of consideration acceptable to the commissioner. Components may reflect, based upon fair and equitable formulas, methods, and assumptions, factors such as estimated proportionate historical and prospective contributions to surplus of classes or groupings of policies and contracts to the aggregate component of consideration being distributed to eligible members, with each eligible member receiving a distribution in accordance with the type of policy owned by the eligible member, or other factors the commissioner may approve.

(2) The reorganizing mutual shall obtain an opinion addressed to the board of directors of the reorganizing mutual from an actuary who is a member of the American Academy of Actuaries that the methodology and underlying assumptions for allocation of consideration among eligible members are reasonable and appropriate and the resulting allocation is fair and equitable.

* * *

D.(1) The plan of reorganization shall provide for the reasonable dividend expectations of policyholders of any reorganized insurer through the establishment, or in the case of a reorganizing mutual insurance holding company the continuation, of dividend protections, which may consist of a closed block or any other method acceptable to the commissioner. The sole purpose of any dividend protections shall be to provide for reasonable policyholder dividend expectations.

(f) (2) Any dividend protection provision may be limited to participating individual life insurance policies and participating individual annuity contracts in force or deemed to be in force by the plan of reorganization on the effective date of the reorganization, or, in the case of a reorganized insurer in a mutual insurance

1 holding company system, on the effective date of its reorganization as such, for which
 2 the insurer has or had an experience-based dividend scale due, paid or accrued by
 3 action of the board of directors of the insurer in the year in which the plan of
 4 reorganization is or was adopted; however, other categories of policies and benefits
 5 not described in this Paragraph may be included or excluded, subject to the approval
 6 of the commissioner.

7 ~~(2)~~ (3) In the event that dividend protections have been provided to
 8 policyholders of a reorganized insurer as part of a previous plan of reorganization,
 9 such dividend protections may be continued in effect without change in satisfaction
 10 of the requirements of this Section.

11 §236.4. Approval by commissioner after public hearing

12 A. The commissioner shall hold a public hearing upon notice as set forth in
 13 this Section to hear evidence upon whether the plan of reorganization: (1) properly
 14 protects the interests of the policyholders as such and as members, (2) serves the best
 15 interests of policyholders and members, and (3) is fair and equitable to policyholders
 16 and members. Subpart G of Part III of this Chapter, ~~2 of this Title~~, R.S. 22:691 et
 17 seq., is not applicable to any hearing held under this Subpart, and any such hearing
 18 shall be governed by the procedures set forth herein.

19 * * *

20 §242. Definitions

21 As used in this Subpart:

22 * * *

23 (3) "Basic health care services" means emergency care, inpatient hospital and
 24 physician care, outpatient medical and chiropractic services, and laboratory and x-ray
 25 services. The term shall include optional coverage for mental health services for
 26 alcohol or drug abuse. With respect to chiropractic services, such services shall be
 27 provided on a referral basis at the request of the enrollee who presents a condition of
 28 an orthopedic or neurological nature necessitating referral, the treatment for which
 29 falls within the scope of a licensed chiropractor. ~~Effective January 1, 2004, the~~ The

term shall also include coverage for low protein food products as provided in R.S. 22:246.

* * *

(6) "Health care services" means any services rendered by providers which include but are not limited to medical and surgical care; psychological, optometric, optic, chiropractic, podiatric, nursing, and pharmaceutical services; health education, rehabilitative, and home health services; physical therapy; inpatient and outpatient hospital services; dietary and nutritional services; laboratory and ambulance services; and any other services for the purpose of preventing, alleviating, curing, or healing human illness, injury, or physical disability. Health care services shall also mean dental care, limited to oral and maxillofacial surgery as performed by board qualified oral and maxillofacial surgeons. ~~Effective January 1, 1992, the~~ The term shall also include an annual Pap test for cervical cancer and minimum mammography examination as defined in R.S. 22:1028. ~~Effective January 1, 2004, the term shall also include~~ and coverage for low protein food products as provided in R.S. 22:246.

(7) "Health maintenance organization" means any corporation organized and domiciled in this state which undertakes to provide or arrange for the provision of basic health care services to enrollees in return for a prepaid charge. The health maintenance organization may also provide or arrange for the provision of other health care services to enrollees on a prepayment or other financial basis. A health maintenance organization is deemed to be an insurer for the purposes of ~~R.S. 22:1022 and 1023~~, R.S. 22:73, 96, ~~Chapter 9 of this Title and Subpart H of Part III of Chapter 2 of this Title, R.S. 22:691 through 713, and Subpart H of Part III of this Chapter, R.S. 22:731 et seq., R.S. 22:1022 and 1023~~, Part II of Chapter 7 of this Title, ~~comprised of R.S. 22:1921 through 1929, and Chapter 9 of this Title, R.S. 22:2001 et seq.~~ A health maintenance organization shall not be considered an insurer for any other purpose.

* * *

1 §243. Incorporation

2 * * *

3 D.(1) After the payment of all fees owed to the Department of Insurance, the
4 articles showing the approval of the commissioner shall be filed in the office of the
5 secretary of state by the commissioner together with an initial report, as prescribed
6 by R.S. 12:101. If the first directors are not named in the articles of incorporation and
7 the initial report, a supplemental report, setting forth their names and addresses, and
8 signed by each incorporator or by any shareholder, shall be filed with the secretary
9 of state and filed for record as provided by ~~Subsection (D)~~ Paragraph (4) of this
10 ~~Section~~ Subsection as soon as they have been selected.

11 * * *

12 E.

13 * * *

14 (3) The provisions of ~~Subsections (E)~~ Paragraphs (1) and (2) of this ~~Section~~
15 Subsection shall not be applicable when an incorporated health maintenance
16 organization changes either its registered agent or address, or both. In any such
17 change, the incorporated health maintenance organization shall provide the
18 commissioner with the board resolution and notice; and shall follow the requirements
19 of Part X of Chapter 1, Title 12 of the Louisiana Revised Statutes of 1950.

20 * * *

21 §247. Reimbursement for chiropractic services

22 Notwithstanding any provision of any policy or contract of insurance or health
23 benefits issued by a health maintenance organization, ~~after the effective date of this~~
24 ~~Section~~, whenever such policy or contract provides for payment or reimbursement for
25 any service, and such service may be legally performed by a chiropractor licensed in
26 this state, such payment or reimbursement under such policy or contract shall not be
27 denied when such service is rendered by a person so licensed. Terminology in such

1 policy or contract deemed discriminatory against any such person or method of
2 practice shall be void.

3 * * *

4 §249. ~~Powers~~ Authority of health maintenance organizations

5 Subject to the provisions of R.S. 22:260(E) and regulations adopted and
6 approved by the commissioner, the ~~powers~~ authority of a health maintenance
7 organization ~~include~~ includes but ~~are~~ is not limited to the following:

8 (1) The ~~power~~ authority to purchase, lease, construct, renovate, operate, or
9 maintain hospitals, medical facilities, nursing care and intermediate care facilities,
10 their ancillary equipment, and such property, including the stock of corporations, as
11 may reasonably be required for its administrative offices or for such other purposes
12 as may be necessary in the transaction of the business of the health maintenance
13 organization.

14 (2) The ~~power~~ authority to make secured or guaranteed loans to providers
15 under contract with the health maintenance organization in furtherance of its
16 operations or the making of the loans to a corporation or corporations under its control
17 for the purpose of acquiring or constructing medical facilities, hospitals, nursing care
18 and intermediate care facilities, and other institutions of like nature providing health
19 care services to enrollees, or in furtherance of a program providing health care
20 services to its enrollees.

21 (3) The ~~power~~ authority to furnish health care services through providers
22 which are under contract with or employed by the health maintenance organization.

23 (4) The ~~power~~ authority to contract with any person for the performance on
24 its behalf of certain functions such as marketing, enrollment, and administration.

25 (5) The ~~power~~ authority to contract with an insurance company licensed to
26 do business in this state or with a hospital or medical service corporation authorized
27 to do business in this state, for the provision of insurance, indemnity, or
28 reimbursement against the cost of health care services provided by the health
29 maintenance organization.

1 (6) The ~~power~~ authority to offer other health care services in addition to basic
2 health care services.

3 (7) The ~~power~~ authority to coordinate benefits, subrogate to third party
4 funds,* and engage in the assignment of claims to the extent that insurers are
5 permitted to do so by the laws of this state.

6 (8) The ~~power~~ authority to issue point of service policies that have been
7 approved by the commissioner to groups and individuals. The indemnity exposure
8 of such policies shall conform to the same solvency requirements for claim reserves
9 that are required of accident and health insurance companies licensed to operate in
10 this state.

11 §250. Fiduciary duties of certain persons; bond required; encumbering assets

12 * * *

13 B. A health maintenance organization shall maintain in force a fidelity bond
14 on employees and officers in an amount not less than one hundred thousand dollars
15 or insurance in a form satisfactory to the commissioner in lieu of such bond. All such
16 bonds or insurance shall be written with at least a one-year discovery period and if
17 written with less than a three-year discovery period shall contain a provision that no
18 cancellation or termination of the bond or insurance, whether by or at the request of
19 the insured or by the underwriter, shall take effect prior to the expiration of ninety
20 days after written notice of such cancellation or termination has been filed with the
21 commissioner, unless an earlier date of such cancellation or termination is approved
22 by the commissioner.

23 * * *

24 §252. Annual report

25 * * *

26 C. In addition to Subsection A of this Section, the following reports shall also
27 be filed with the commissioner:

28 * * *

(3) A ~~CPA-audited~~ CPA-audited report as required by R.S. 22:674 and ~~Regulation 50~~ any applicable regulation issued by the Department of Insurance.

(4) Holding Company Act filings as required under Subpart G of Part III of ~~this Chapter, 2 of Title 22 of the Louisiana Revised Statutes of 1950.~~ R.S. 22:691 et seq.

* * *

§254. Protection against insolvency

* * *

C. Each health maintenance organization shall establish prior to the issuance of any certificate of authority, and shall maintain as long as it does business in Louisiana as a health maintenance organization, the following capital and surplus requirements:

(1) For each health maintenance organization which, by July 1, 1995, has not filed its application for a certificate of authority with the commissioner as required by law, a minimum of the greater of three million dollars or the amounts required by Subpart D of Part III of this Chapter, R.S. 22:631 et seq. The million dollar deposit required pursuant to ~~R.S. 22:2010(A)~~ Subsection A of this Section shall apply as a part of this minimum requirement.

* * *

§255. Regulation of ~~agents~~ producers

The commissioner may, after notice and hearing, promulgate such reasonable rules and regulations as are necessary to provide for the licensing of ~~agents~~. ~~producers.~~ ~~An agent~~ A producer means a person licensed as a life and health insurance ~~agent~~ producer in the state of Louisiana who is appointed or employed by a health maintenance organization to engage in solicitation of membership in such organization. It shall not include a person enrolling members on behalf of an employer, union, or other organization to whom a master group contract has been issued.

1 §256. Examination of health maintenance organization and other parties

2 A. The commissioner or a member of his staff may make an examination of
3 the affairs of any health maintenance organization as often as it is reasonably
4 necessary for the protection of the interest of the people of this state, but not less
5 frequently than once every ~~three~~ five years.

6 * * *

7 §260. Statutory construction; relationship to other laws

8 A. Except as otherwise provided in this Subpart and in R.S. 22:1037,
9 provisions of the insurance law and provisions of Subpart C of this Part, ~~For this~~
10 ~~Chapter~~ R.S. 22:111 et seq., shall not be applicable to any health maintenance
11 organization granted a certificate of authority under this Subpart. This provision shall
12 not apply to an insurer or an entity licensed under the provisions of Subpart C of this
13 ~~Part~~ ~~For this Chapter~~ except with respect to its health maintenance organization
14 activities authorized and regulated pursuant to this Subpart.

15 * * *

16 §262. Technical advice, advisors, and other technical services

17 * * *

18 C. ~~No later than December 31, 1997, every~~ Every health maintenance
19 organization which has been licensed under this ~~Chapter~~ Subpart shall submit to the
20 commissioner a plan for accreditation under an organization or entity recognized by
21 the commissioner. The commissioner shall be authorized to make an inspection no
22 less frequently than once every three years of each health maintenance organization,
23 which has not been accredited by an organization or entity recognized by the
24 commissioner, to determine whether it is adhering to the minimum standards for
25 utilization review and grievances. The commissioner shall be authorized to establish
26 agreements with the secretary for review of such health maintenance organization's
27 contractual providers and the quality of services it offers and provides to its enrollees.
28 Within thirty days after inspection, the secretary shall transmit a report of such
29 inspection to the governor with a copy thereof transmitted to the commissioner. The

costs of all such inspections shall be assessed as regulatory costs by the commissioner.

* * *

§266. Medical necessity review

Every health maintenance organization shall assure full compliance with Subpart F of Part III of Chapter 4 of this Title, R.S.22:1121 et seq., in establishing procedures for continuous review of quality of care, performance of providers, utilization of health services, facilities, and costs. The medical necessity review requirements and administrative treatment guidelines of the health maintenance organization shall not fall below the appropriate standard of care and shall not impinge upon the independent medical judgment of the treating health care provider. Nothing in this Section shall be construed to prevent a health maintenance organization from conducting a medical necessity review and quality assurance program.

* * *

§270. Taxes and tax base

A. In lieu of the state income tax and the corporate franchise tax levied in Title 47 of the Louisiana Revised Statutes of 1950, every health maintenance organization authorized and certified to engage in the business of issuing contracts or other evidences or similar forms of coverage to enrollees for health care services or prepaid medical services in this state, including Louisiana partnerships authorized under R.S. 22:244(B), shall pay an annual license tax ~~for the year 1986, and each subsequent year,~~ on the gross amount of its receipts from contracts and other evidences of coverage at the same rate as the license tax on life insurance companies provided in R.S. 22:842 and R.S. 22:844.

* * *

§272. Notice required for certain prepaid charge rate increases, cancellation or nonrenewal of service agreements; other requirements

* * *

1 F. Every health maintenance organization authorized under this Subpart shall
 2 also be subject to the requirements of Subpart B of Part II of Chapter 6 of this Title,
 3 R.S. 22:1831 et seq.

4 * * *

5 §290. Organization

6 A domestic society organized ~~on or after the effective date of~~ pursuant to this
 7 Subpart shall be formed as follows:

8 * * *

9 (6) Any incorporated society authorized to transact business in this state ~~at the~~
 10 ~~time this Subpart becomes effective~~ shall not be required to reincorporate. Any
 11 voluntary fraternal benefit association ~~existing on such date~~ may incorporate
 12 hereunder.

13 * * *

14 §310. Injunction; liquidation; receivership of domestic society

15 A.

16 * * *

17 (2) After such notice, the society shall have a thirty-day period in which to
 18 comply with the commissioner's request for correction. If the society fails to comply,
 19 the commissioner shall notify the society of such findings of noncompliance and
 20 require the society to show cause why it should not be enjoined from carrying on any
 21 business until the violation complained of has been corrected, or why an action should
 22 not be commenced against the society under R.S. 22:73 and 96, Subpart H of Part III
 23 of this Chapter, ~~2 R.S. 22:731 et seq., and Chapter 9 of this Title, R.S. 22:2001 et~~
 24 seq.

25 B. If on such date the society does not present good and sufficient reasons
 26 why it should not be so enjoined or why such action should not be commenced, the
 27 commissioner of insurance may proceed in accordance with R.S. 22:73 and 96,

Subpart H of Part III of this Chapter, 2 and Chapter 9 of this Title for the rehabilitation or liquidation of such society.

* * *

D. The provisions of this Section relating to hearing by the commissioner of insurance and any action by the commissioner of insurance under R.S. 22:73 and 96, Subpart H of Part III of this Chapter, 2 and Chapter 9 of this Title shall be applicable to a society which shall voluntarily determine to discontinue business.

* * *

§313. Unfair methods of competition; unfair and deceptive acts and practices

Every society authorized to do business in this state shall be subject to the provisions of Part IV of Chapter 7 of this Title, R.S. 22:1961 et seq., relating to unfair methods of competition and unfair or deceptive acts or practices; however, nothing in such provisions shall be construed as applying to or affecting the right of any society to determine its eligibility requirements for membership, or as applying to or affecting the offering of benefits exclusively to members of persons eligible for membership in the society by a subsidiary corporation or affiliated organization of the society.

* * *

§331. Foreign or alien insurers may be admitted

A. Any foreign or alien insurer, including reciprocals, Lloyds, and fraternal, may be admitted to transact business in this state, upon complying with the provisions of this Subpart, and all other applicable provisions of this Code, to transact the kind or kinds of business which a similar domestic insurer may legally transact under this Code, except ~~non-profit~~ nonprofit funeral insurance, and life, health and accident insurers on the ~~co-operative~~ cooperative or assessment plan, provided insurers admitted to transact the kinds of business provided in Subparts D and E of this Part, R.S. 22:131 et seq. and R.S. 22:141 et seq., shall meet the requirements for life insurers under R.S. 22:81 through 95 and Subpart C of this Part, R.S. 22:111 et seq.

1 B. Any foreign insurance company which has been licensed to do the business
2 of life insurance in this state continuously during a period of ten years next preceding
3 October 1, 1948, may continue to be licensed to do the kind or kinds of insurance
4 business which it was authorized to do immediately prior to October 1, 1948.

5 §332. Application for certificate of authority

6 A. A foreign or alien insurer in order to procure a certificate of authority to
7 transact business in this state shall prepare and deliver to the commissioner of
8 insurance:

9 * * *

10 (4) A copy of its ~~by-laws,~~ bylaws, and, if a fraternal society, a copy of its
11 constitution, certified by its proper officers.

12 * * *

13 §333. Conditions of issuance of certificate of authority

14 * * *

15 B. Before issuance of the certificate of authority to a foreign or alien insurer,
16 such insurer shall make a deposit as required by Part II of Chapter 3 of this Title; R.S.
17 22:801 et seq.

18 C. Before issuance of the certificate of authority to an alien insurer, such
19 insurer shall make a deposit as required by Part II of Chapter 3 of this Title and must
20 maintain within the United States assets in amount not less than its outstanding
21 liabilities arising out of its insurance transactions in the United States; ~~and which~~
22 Such assets shall be in addition to the larger of the following sums:

23 (1) The largest amount of deposit required by this Code to be made in this
24 state by any type of domestic insurer transacting like kinds of insurance; ~~or~~ .

25 (2) Two hundred thousand dollars.

26 (a) The trust deposit shall be for the security of all policyholders or
27 policyholders and obligees of the insurer in the United States. It shall not be subject
28 to diminution below the amount currently determined in accordance with this

Subsection so long as the insurer has outstanding any liabilities arising out of its business transacted in the United States.

(b) The trust deposit shall be maintained with public depositories or trust institutions within the United States approved by the commissioner of insurance.

* * *

§337. Refusal, suspension, and revocation of certificate of authority

A. The commissioner of insurance may refuse, suspend, or revoke the certificate of authority of a foreign or alien insurer whenever he shall find that such insurer:

* * *

(18) Fails to require its producers ~~or agents~~ to maintain licensure as producers ~~or agents~~ as provided by law or by regulation of the Department of Insurance.

* * *

B. Except for the grounds stated in Paragraphs ~~1, 11, 13 and 14~~ (1), (11), (13), and (14) of Subsection A of this Section, the commissioner of insurance shall not revoke or suspend the certificate of authority of a foreign or alien insurer until he has given the insurer at least thirty days notice of the proposed revocation or suspension and of the grounds therefor and has afforded the insurer an opportunity for a hearing.

* * *

§340. Procedure following merger or consolidation

A. Whenever a foreign or alien insurer authorized to transact business in this state shall be the surviving insurer of a statutory merger permitted by the laws of the state or country under which it is organized, and such merger is not subject to the provisions of R.S. 22:73 and 96, ~~and~~ Subpart H of Part III of this Chapter, ~~2 R.S. 22:731 et seq.,~~ and Chapter 9 of this Title, R.S. 22:2001 et seq., it shall forthwith file with the commissioner of insurance:

* * *

§347. Disposition of tax money

* * *

D.(1) All money received under the provisions of R.S. 22:342 through 349 by the treasurer of the governing authority of the parish shall, within thirty days from the time it is received, be paid over by the treasurer to the fiscal representative of the regularly constituted fire department of the municipality or district or active volunteer fire department, as the case may be. If any of ~~said~~ these funds are not so distributed either by mutual consent or without consent of the regularly paid fire department of the municipality or district or active volunteer fire department certified by the parish governing authority, such funds shall be invested in an interest-bearing account and any accrued interest on the investment of funds shall be credited and distributed per capita to the regularly paid fire department of the municipality or district or active volunteer fire department, as provided by ~~R.S. 22:347.~~ this Section.

§361. Definitions

As used in this Subpart:

* * *

(4) "Person" means any individual, ~~person, firm, company, corporation, partnership or association~~ company, insurer, association, organization, reciprocal or inter-insurance exchange, partnership, business, trust, limited liability company, or corporation which provides vehicle mechanical breakdown insurance in this state.

(5) "Reinsurer" ~~as used in this Subpart,~~ means a person licensed under this Subpart engaged in the reinsuring of mechanical reimbursement insurance, residual value insurance, or credit disability insurance policies, or any combination of kinds of insurance.

* * *

§364. Qualifications

The commissioner shall not ~~issue a~~ license as a vehicle mechanical breakdown insurer unless all of the following conditions are met:

1 (1) ~~If the applicant is a corporation, it~~ Applicant shall be a solvent,
2 ~~corporation, incorporated under the laws of Louisiana, or another state, district,~~
3 ~~territory or possession of the United States of America.~~

4 * * *

5 §365. Deposit or surety; required

6 A. To assure faithful performance of its obligations to policyholders, every
7 vehicle mechanical breakdown insurer shall, prior to the issuance of a license, deposit
8 with or for the benefit of the insurance commissioner; securities which; at all times
9 shall have a value of not less than one hundred ~~and~~ fifty thousand dollars.

10 * * *

11 C. In lieu of the deposit of securities required by this Section, the applicant
12 may file with the commissioner a surety bond in the amount required by Subsection
13 A of this Section. The bond shall be ~~authorized~~ issued by a surety insurer ~~licensed~~
14 authorized to do business in the state of Louisiana, and shall be for the same purpose
15 as the deposit in lieu of which it is filed and shall be subject to the approval of the
16 commissioner. No such bond shall be cancelled or subject to cancellation unless
17 thirty days written notice is given to the commissioner.

18 D. If deposit is made in the form of bonds or certificates of deposit, they shall
19 be irrevocably pledged to the commissioner; ~~provided~~ however, ~~that~~ any interest
20 earned on ~~said~~ such securities shall be the property of ~~applicant~~. the vehicle
21 mechanical breakdown insurer.

22 E. Each deposit or surety shall be maintained unimpaired, unencumbered, and
23 pledged to the commissioner until such time as all outstanding policies or agreements
24 of Louisiana have run their full term and expired. It is the intent of this Subsection
25 that the deposit or surety remain fully in force until such time as all of the vehicle
26 mechanical breakdown insurer's obligations to the ~~policy holders~~ policyholders are
27 fulfilled.

1 F. The deposit or surety required by this Section may from time to time be
2 substituted ~~for~~ with other acceptable securities, or surety bond, subject to the approval
3 of the commissioner.

4 * * *

5 §369. Revocation or suspension of license

6 The commissioner may revoke or suspend any license required by this Subpart
7 after a hearing duly called for that purpose which is conducted pursuant to the
8 provisions of the Administrative Procedure Act contained in Title 49 of the Louisiana
9 Revised Statutes of 1950. Causes for revocation or suspension shall be the following:

10 * * *

11 (2) If, in the opinion of the ~~commission~~, commissioner, the reserve for losses
12 maintained by the insurer are insufficient to cover future losses.

13 * * *

14 (4) If the insurer refuses to allow an inspection as provided ~~by~~ in R.S. 22:371-
15 370.

16 * * *

17 §371. Cease and desist order; penalty for violation

18 A. If a hearing is held pursuant to the provisions of the Administrative
19 Procedure Act in Title 49 of the Louisiana Revised Statutes of 1950 and if the
20 commissioner should determine that the provisions of this Subpart have been violated,
21 the commissioner shall, in addition to the authority to revoke or suspend a license as
22 provided in R.S. 22:370; 369, have the authority to issue an order requiring such
23 person or insurer violating the provisions of this Subpart, to cease and desist from
24 such method, act, or practice. A written record shall be made of the commissioner's
25 findings.

26 * * *

27 §381. Definitions

28 As used in this Subpart:

29 * * *

(3) "Person" means any individual, ~~person, firm, company, corporation, partnership, or association~~ company, insurer, association, organization, reciprocal or inter-insurance exchange, partnership, business, trust, limited liability company, or corporation which provides property residual value insurance in this state.

* * *

§384. Qualifications

The commissioner shall not ~~issue~~ a license as a property residual value insurer unless all of the following conditions are met:

(1) ~~If the applicant is a corporation, it~~ Applicant shall be a solvent, ~~corporation, incorporated under the laws of Louisiana or another state, district, territory, or possession of the United States.~~

* * *

§385. Deposit or surety

* * *

C. In lieu of the deposit of securities required by this Section, the applicant may file with the commissioner a surety bond in the amount of not less than one hundred fifty thousand dollars. The bond shall be ~~authorized~~ issued by a surety insurer ~~licensed~~ authorized to do business in the state of Louisiana, shall be for the same purpose as the deposit in lieu of which it is filed, and shall be subject to the approval of the commissioner. No such bond shall be cancelled or subject to cancellation unless thirty days written notice is given to the commissioner.

D. If deposit is made in the form of bonds or certificates of deposit, they shall be irrevocably pledged to the commissioner; however, any interest earned on ~~said~~ such securities shall be the property of ~~depositor. the property residual value insurer.~~

E. Each deposit or surety shall be maintained unimpaired, unencumbered, and pledged to the commissioner until such time as all outstanding policies have run their full term and expired. The deposit or surety shall remain fully in force until such time

as all of the property residual value insurer's obligations to the policyholders are fulfilled.

* * *

§388.1. Filing of contracts

No property residual value insurance policy or application form, where written application is required and is to be attached to the policy, or any rider or endorsement of such a contract shall be issued, delivered, or used unless it has been filed with the commissioner of insurance. Each submission shall be accompanied by the fees provided for in R.S. 22:~~1078(B)(26)~~. 821.

* * *

§393. Scope and limitations

A. Nothing in this Subpart shall alter or diminish any right, privilege, or authority granted to any insurance company under any other provisions of this Title, ~~22 of the Louisiana Revised Statutes of 1950~~.

* * *

§409. Board of trustees; terms; removal; meetings; salary

~~(A)~~ A. Every trust fund shall be governed by a board of no fewer than five trustees. The initial trustees need not be appointed or elected by the beneficiaries of the trust fund. During the second year following the creation of an authorized trust fund, at least one-fourth of all its trustees in office shall have been elected or appointed by the beneficiaries. After the end of the second year following the creation of an authorized trust fund, a majority of all trustees in office shall have been elected or appointed by the beneficiaries.

~~(B)~~ B. All trustees serving during the first two years following the creation of an authorized trust fund shall be elected or appointed for one-year terms. All trustees serving thereafter shall be elected or appointed for two-year terms, provided that the trustees may be elected or appointed for one-year terms to the extent necessary in order to create staggered terms.

(D) D. The board of trustees shall meet ~~no fewer than~~ at least four times each year.

(E) E. No trustee shall be paid a salary or receive other compensation for service as a trustee, except that the bylaws or plan of operation may provide for reimbursement for actual expenses incurred on behalf of the trust fund and for the payment of a reasonable per diem amount for attendance at meetings of the board.

* * *

Authorized trust funds may enter into contracts with risk management service providers, actuarial consultants, or other vendors as are necessary to ensure the effective and efficient operation of such trust fund. funds. Fees paid to vendors for services provided shall not be excessive.

* * *

If certain insurance coverages cannot be procured from authorized insurers, such coverages, hereinafter designated as "surplus lines", may be procured from approved unauthorized insurers provided that the insurance is procured through a licensed surplus ~~line~~ lines broker.

A. Every insurance contract procured and delivered as a surplus ~~line~~ lines coverage pursuant to this Subpart shall have stamped or printed upon it and be signed by the surplus lines broker who procured it, in bold type and the face of which shall not be less than ten-point type, the following:

~~This insurance policy is delivered as a surplus line coverage under the Insurance Code of the State of Louisiana.~~

~~In the event of insolvency of the company issuing this contract, the policyholder or claimant is not covered by the Louisiana Insurance Guaranty Association which guarantees only specific policies issued by an insurance company authorized to do business in Louisiana.~~

~~This surplus lines policy has been procured by the following licensed Louisiana surplus lines broker:~~

~~Signature of Licensed Louisiana Surplus Lines Broker
or Authorized Representative~~

~~Printed Name of Licensed Louisiana Surplus Lines Broker~~

NOTICE

This insurance policy is delivered as surplus lines coverage under the Insurance Code of the State of Louisiana.

In the event of insolvency of the company issuing this contract, the policyholder or claimant is not covered by the Louisiana Insurance Guaranty Association which guarantees only specific policies issued by an insurance company authorized to do business in Louisiana.

This surplus lines policy has been procured by the following licensed Louisiana surplus lines broker:

**Signature of Licensed Louisiana Surplus Lines Broker
or Authorized Representative**

Printed Name of Licensed Louisiana Surplus Lines Broker

* * *

§434. Surplus ~~line~~ lines insurance valid

Insurance contracts procured as surplus ~~line~~ lines coverage from approved unauthorized insurers in accordance with this Subpart shall be fully valid and

1 enforceable as to all parties, and shall be given recognition in all matters and respects
2 to the same effect as like contracts issued by authorized insurers.

3 §435. Surplus lines in solvent insurers; capital and surplus requirements; deposits
4 and bond requirements

5 * * *

6 B. The surplus lines broker shall not so insure with any insurer unless the
7 insurer has met the requirements of R.S. 22:436, unless otherwise provided by law,
8 has established satisfactory evidence of good repute and financial integrity, and has
9 done the following:

10 (1) If it is a foreign insurer:

11 (a) Has capital and surplus of not less than fifteen million dollars exclusive
12 of either surplus debentures or subordinated notes if a stock insurer, or surplus of not
13 less than fifteen million dollars exclusive of either surplus debentures or subordinated
14 notes if any other type insurer, and has on deposit with the commissioner of insurance
15 a safekeeping or trust receipt from a bank or a savings and loan association doing
16 business within Louisiana, indicating that one hundred thousand dollars in money, or
17 approved bonds of the United States government, the state of Louisiana, or any
18 political subdivision thereof, or in lieu of such deposit has delivered to the
19 commissioner of insurance a bond in the amount of one hundred thousand dollars ~~of~~
20 issued by an authorized surety company doing business in this state and approved by
21 the commissioner of insurance.

22 (b) Such deposit or surety bond shall be conditioned for the prompt payment
23 of all claims arising and accruing to any person by virtue of any policy issued by any
24 such unauthorized insurer ~~upon the life or person of any citizen of the state of~~
25 ~~Louisiana, or upon any property or other risk situated in this state, and to be held~~
26 subject to any claims, liens or judgments that may be judicially obtained against any
27 such company in the courts of this state, or arising from any contract of insurance, or
28 indemnity, or fidelity, or guaranty entered into in this state, and shall be liable to
29 seizure and sale at the instance of any judgment creditor of such insurer, under

1 judgment obtained in any of the courts of this state or in any of the federal courts of
2 this state.

3 * * *

4 D. In addition to any other statements or reports required by this ~~Chapter~~,
5 Subpart, the commissioner of insurance may request from any ~~licensee surplus lines~~
6 broker full and complete information respecting the financial stability, reputation and
7 integrity of any unauthorized insurer with whom any such ~~licensee surplus lines~~
8 broker has dealt, or proposes to deal, in the transaction of insurance business. The
9 ~~licensee surplus lines broker~~ shall promptly furnish in written or printed form so much
10 of the information requested as he can produce. The commissioner of insurance, if
11 he believes it to be in the public interest, may order such ~~licensee surplus lines broker~~
12 in writing to place no further insurance business on Louisiana risks through such
13 unauthorized company.

14 * * *

15 H.(1) Notwithstanding any law to the contrary, no person shall act in this state
16 as ~~agent producer~~ for or broker to any unauthorized insurer which has not been
17 approved by the Department of Insurance in accordance with this Section and R.S.
18 22:436, unless the following criteria are met:

19 * * *

20 (2) The commissioner by regulation or directive, may require that the insured
21 meet minimum financial requirements and may require certification from the ~~agent~~
22 producer or broker that the insurer meets the financial and any other requirements
23 promulgated by the Department of Insurance for insurance coverage by an
24 unauthorized insurer which has not been approved by the Department of Insurance
25 under this Section and R.S. 22:436.

§436. Approved unauthorized insurers; list; requirements; removal

A. No surplus ~~line~~ lines broker shall place surplus ~~line~~ lines insurance with an insurer who is not on the list of approved unauthorized insurers as compiled and maintained by the commissioner of insurance.

* * *

D. The commissioner shall remove a foreign insurer from the list of approved unauthorized insurers if:

* * *

(2) It is determined that the continued placement of surplus ~~line~~ lines insurance with the insurer would not be in the best interest of the policyholders or the citizens of Louisiana.

* * *

G. Upon removing an insurer from the list of approved unauthorized insurers, the commissioner shall notify the insurer and all licensed surplus lines brokers of such action in writing. Such notice to licensed surplus ~~line~~ lines brokers may, at the option of the surplus lines broker, be sent by the commissioner via electronic mail.

* * *

§437. Records of surplus ~~line~~ lines broker

A. Each licensed surplus ~~line~~ lines broker shall keep a full and true record of each surplus line contract, procured by him including a copy of the daily report, if any, showing such of the following items as may be applicable:

- (1) Amount of the insurance~~;~~_;
- (2) Gross premiums charged~~;~~_;
- (3) Return premium paid, if any~~;~~_;
- (4) Rate of premium charged upon the several items of property~~;~~_;
- (5) Effective date of the contract, and the terms thereof~~;~~_;
- (6) Name and address of the insurer~~;~~_;
- (7) Name and address of the insured~~;~~_;
- (8) Brief general description of property insured and where located~~;~~_;

(9) Other information as may be required by the commissioner of insurance, including but not limited to the address of the worker's compensation claims office established by the insurer pursuant to R.S. 23:1161.1 and the name and address of the person authorized by the insurer to settle worker's compensation claims through such office or of the licensed claims adjuster retained by the insurer.

B. The record shall at all times be open to examination by the commissioner of insurance and whenever an examination shall be made by him of a surplus ~~line~~ lines broker, such examination shall be in compliance with and pursuant to the provisions of Chapter 8 of this Title, R.S. 22:1981 et seq., insofar as the provisions of that Chapter are applicable to such examination.

§438. Proof of uninsurability; affidavit

A. Any licensed surplus lines broker that procures a personal lines policy with an approved unauthorized insurer shall obtain from the duly licensed submitting ~~agent~~ producer or broker within thirty days of binding an affidavit on a standardized form promulgated by the commissioner of insurance which shall be maintained by the licensed surplus lines broker that attests to the diligent efforts of the ~~agent~~ producer or broker to place insurance coverage with admitted insurers and the results thereof. The affidavit shall affirm that the insured applicant for insurance was expressly advised prior to placement of insurance that the surplus lines insurer with whom the insurance is being placed is an approved unauthorized insurer, and that in the event of insolvency of the insurer, losses shall not be paid by the state insurance guaranty fund, and that the coverage is being procured through a duly licensed Louisiana surplus lines broker.

* * *

§439. Tax on surplus lines

* * *

B. Every person placing insurance with an unauthorized insurer without going through a licensed Louisiana ~~agent~~ producer or surplus lines broker, except as provided in R.S. 22:432, shall remit to the commissioner of insurance a tax of five

1 percent of the gross premium, such tax to be paid at the same time and under the same
2 conditions as that levied on surplus lines brokers under the provisions of Subsection
3 A of this Section. Such tax when collected by the commissioner of insurance shall
4 be paid to the state treasurer and be credited to the general fund.

5 C. If a surplus ~~line~~ lines policy covers risks or exposures only partially in this
6 State the tax so payable shall be computed upon the proportion of the premium which
7 is properly allocable to the risks or exposures located in this State.

8 * * *

9 §440. Penalty for failure to file statement or remit tax

10 In case of any failure of a surplus ~~line~~ lines broker to make a report or to make
11 payment of the tax provided by R.S. 22:439, ten ~~percentum~~ percent shall be added to
12 the amount of tax due, and paid to the commissioner of insurance along with the tax
13 due, unless evidence to his satisfaction is submitted to him to show that such failure
14 was due to some unforeseen or unavoidable reason other than mere neglect. If the
15 delinquency be for more than thirty days after the due date of the report or after the
16 due date for the payment of taxes as provided by R.S. 22:439, neglect will be
17 presumed and the ten ~~percentum~~ percent shall be added without any discretion on the
18 part of the commissioner of insurance. After the lapse of thirty days, until the report
19 is filed and the delinquent tax paid, the commissioner of insurance may revoke the
20 license of the delinquent surplus ~~line~~ lines broker to do business in this state. Any
21 fine collected by the commissioner of insurance hereunder shall be paid to the state
22 treasurer and credited to the general fund.

23 §441. Suspension or revocation of licenses; surplus lines broker; fines

24 A. The commissioner of insurance shall revoke any surplus lines broker's
25 license:

26 * * *

1 (3) For closing of the surplus ~~line~~ lines broker's office for a period of more
2 than thirty calendar days, exclusive of legal holidays, Saturdays, and Sundays, unless
3 permission is granted by the commissioner.

4 * * *

5 B. The commissioner of insurance may deny, suspend, revoke, or refuse to
6 renew or reinstate any such license whenever he deems such denial, suspension,
7 revocation, or refusal to renew or reinstate to be for the best interest of the people of
8 this state. The ~~agent's or~~ producer's license may also be denied, suspended, revoked,
9 or refused renewal or reinstatement whenever there is a denial, suspension,
10 revocation, or refusal to renew or reinstate a surplus ~~line~~ lines broker's license.

11 C. The procedures provided by this Code for the denial, suspension,
12 revocation, or refusal to renew or reinstate ~~an agent's or a~~ producer's license shall be
13 applicable to denial, suspension, revocation, or refusal to renew or reinstate a surplus
14 line broker's license. The procedures provided for by this Code for the levying of
15 fines against ~~an agent or a~~ producer shall be applicable to the levying of fines against
16 a surplus line broker.

17 D. No surplus ~~line~~ lines broker whose license has been so revoked,
18 suspended, or refused renewal or reinstatement shall again be so licensed within one
19 year thereafter, nor until any fines or delinquent taxes owing by him have been paid.
20 §442. Legal process against ~~surplus line~~ unauthorized insurer

21 A. An unauthorized insurer shall be sued, upon any cause of action arising in
22 this state under any contract issued by it as a surplus ~~line~~ lines contract, pursuant to
23 this Subpart, in the district court of the parish in which the cause of action arose.

24 * * *

25 §443. Exemptions

26 A. The provisions of R.S. 22:432 through 442, 444, and 1910 controlling the
27 placing of insurance with unauthorized insurers shall not apply to reinsurance or to
28 the following insurances when so placed by licensed surplus lines brokers of this
29 state, except that a tax on the portion of the premiums received from ocean marine

1 and foreign trade coverages which is properly allocable to the risks or exposures
 2 located in this state during the preceding calendar quarter shall be due on the dates
 3 and in a manner as provided in R.S. 22:439 at the rate of five percent, such tax when
 4 collected by the commissioner of insurance shall be paid to the state treasurer and to
 5 be credited to the state general fund, and such licensed surplus lines broker placing
 6 ocean marine insurance shall be subject to the provisions of R.S. 22:435,
 7 notwithstanding the provisions of R.S. 22:1902, 1903, and 1906, and must show on
 8 any document issued by ~~and/or~~ or delivered by them evidencing such insurance, all
 9 of the insurers and must clearly stamp on any such documents that on the demand of
 10 the ~~assured~~ policyholder or ~~its~~ his representative the latest financial statements of any
 11 such insurers are available at its office for inspection as follows:

12 * * *

13 B.(1) Surplus ~~line~~ lines brokers so placing any such insurance with an
 14 unauthorized insurer shall keep a full and true record of each such coverage in detail
 15 as required of surplus ~~line~~ lines insurance under this Subpart. The record shall be
 16 preserved for not less than five years from the effective date of the insurance and shall
 17 be kept available in this state and open to the examination of the commissioner of
 18 insurance. The surplus ~~line~~ lines broker shall furnish to the commissioner of
 19 insurance at his request and on forms as designated and furnished by him a report of
 20 all such coverages so placed in a designated calendar year.

21 (2) Notwithstanding anything to the contrary herein contained, the rates for
 22 the exempt lines of insurance set out in ~~Subsection Paragraphs~~ (A)(1), (2), (3), and (4)
 23 of this Section shall not be regulated.

24 * * *

25 §445. Tontine funds; sales prohibited

26 A. ~~On and after July 29, 1964, the~~ The sale by any ~~individual, company,~~
 27 ~~partnership, corporation, non-profit corporation or insurance company~~ person of
 28 tontine funds whereby any part of the principal or interest earned on individual
 29 contributions is to be used for the benefit of other contributors is hereby prohibited.

1 B. Nothing herein contained shall in any way be construed as prohibiting the
2 sale of insurance policies approved for use in the ~~State~~ state of Louisiana by the
3 ~~Commissioner~~ commissioner of ~~Insurance~~ insurance.

4 SUBPART P. GROUP ~~SELF-INSURERS~~ SELF-INSURERS

5 §451. Scope of provisions

6 A. This Subpart shall be applicable to and shall regulate self-insurers and self-
7 insurance plans, as defined in this Subpart, which are subject to jurisdiction of the
8 commissioner of insurance under ~~Chapter 1~~ of this Title. This Subpart shall not be
9 applicable to any worker's compensation plan, except as otherwise provided in this
10 Subpart.

11 B. Regulation under this ~~Chapter~~ Subpart shall not be deemed to and shall not
12 make any self-insurer or insurance plan an insurer or insurance policy solely because
13 of such regulation hereunder. Any entity regulated under this Subpart shall not be
14 considered or treated as an insurer or insurance policy solely because of such
15 regulation.

16 * * *

17 §453. Certificate of authority

18 A. It is unlawful for any self-insurer to transact business or to issue or provide
19 health care benefits under or pursuant to a self-insurance plan in this state without a
20 certificate of authority issued by the commissioner of insurance. Any self-insurer
21 which transacts business in this state without the certificate of authority required by
22 this Subpart shall be considered an unauthorized insurer within the meaning of Subpart
23 O of ~~this Part, I of Chapter 2 of this Title~~ R.S. 22:431 et seq., and Part I of Chapter 7
24 of this Title, R.S. 22:1901 et seq., and all remedies and penalties prescribed therein
25 shall apply to such self-insurer.

26 * * *

27 §455. Administrators; license

28 An administrator of a self-insurance plan shall be licensed as a life and health
29 insurance ~~agent~~ producer and shall be subject to all laws and regulations governing

1 life and health insurance ~~agents~~ producers as set forth in R.S. 22:1541 through 1554
2 and 1556 through 1565.

3 §456. ~~Agents; Producers;~~ appointment

4 A. Any self-insurer who has been issued a certificate of authority under this
5 Subpart may contract with and appoint as its representatives in this state, as its ~~agent~~
6 producer or ~~agents; producers,~~ any person or persons licensed as a life and health
7 ~~agent producer~~ under Chapter 5 of this Title, R.S. 22:1541 et seq. No solicitation of
8 insurance shall be made by any ~~agent producer~~ prior to notification of such self-
9 insurer that its appointment has been recorded by the commissioner of insurance. If
10 the commissioner has not notified the self-insurer of his disapproval of a particular
11 ~~agent producer~~ within thirty days after receipt of the self-insurer's appointment of
12 such ~~agent; producer,~~ the ~~agent producer~~ thereafter may commence solicitation of
13 insurance.

14 B. On or before the first day of March of each year, each self-insurer shall
15 submit to the commissioner of insurance by certified mail an alphabetical list of the
16 licensed ~~agents producers~~ which it wishes to appoint, together with a fee of ten dollars
17 for each such appointment. Any appointment shall remain in full force and effect
18 until the thirtieth day of April following the date of recordation by the commissioner
19 of insurance, unless the license of the appointed ~~agent producer~~ is revoked by the
20 commissioner or until cancelled by the self-insurer upon written notice to the ~~agent~~
21 producer and the commissioner.

22 C. Any self-insurer who violates the provisions of this Section shall be fined
23 the sum of ten dollars for each ~~agent's producer's~~ appointment received after the first
24 day of March of each year.

25 §457. ~~Agents; Producers;~~ acting for unauthorized self-insurer prohibited

26 A. No natural or juridical person shall, within this state, solicit, procure,
27 receive, or forward applications for coverage under any self-insurance plan or issue
28 or deliver policies, certificates, schedules of benefits, or other evidence of such
29 coverage or in any manner secure, assist, or aid in the placing of any such coverage

1 for any person other than himself, directly or indirectly, with any self-insurer not
2 authorized to do business in this state under this Subpart.

3 B. Any such person shall be liable personally for the full amount of any loss
4 sustained under such coverage provided by or through him or it, directly or indirectly,
5 with any self-insurer not authorized to do business in this state, including any taxes
6 which may become due under the laws of this state by reason of such coverage.

7 C. The commissioner may revoke, suspend, or refuse to renew ~~an agent's,~~
8 ~~broker's, or solicitor's~~ a producer's license, or may levy a fine not to exceed two
9 thousand five hundred dollars against ~~an agent, broker, or solicitor~~ a producer who,
10 after notice and hearing, has been found by the commissioner to have violated the
11 provisions of this Section.

12 * * *

13 §460. Disclosures

14 * * *

15 B. Each application for coverage under a self-insurance plan and any and all
16 advertisements or marketing pieces or material disseminated in relation to any self-
17 insured plan shall contain a statement prominently printed thereon or therein in ten-
18 point type that the self-insurance plan for which coverage is being solicited is
19 uninsured.

20 C. Any entity, including but not limited to a production agency or third party
21 or other administrator, that advertises, sells, transacts, or administers coverage for
22 health care services in this state, shall inform any purchaser or prospective purchaser
23 of coverage under a self-insurance plan or person covered under a self-insurance plan
24 of the lack of insurance for the coverage issued or provided or to be issued or
25 provided. Any administrator that advertises or administers coverage for health care
26 services in this state that is provided by a self-insurer shall inform its appointed
27 ~~production agencies and agents~~ producers of the elements of coverage, including the
28 amount of any reinsurance or "stop-loss" insurance in effect.

§461. Annual examination; audit; rate review

A. Each self-insurer shall cause to be conducted an annual ~~examination~~ audit by a licensed independent certified public accountant of its financial statements reporting the financial condition and results of operations of the self-insurer.

* * *

F. Financial statements furnished pursuant to this Section shall be ~~examined~~ audited by an independent certified public accountant. The ~~examination~~ audit of the self-insurer's financial statements shall be conducted in accordance with generally accepted auditing standards.

G. Every self-insurer required to file an audited financial report pursuant to this Subpart shall require the accountant to make available for review by the commissioner, the workpapers prepared in the conduct of his ~~examination~~: audit. The ~~insurer~~ self-insurer shall require that the accountant retain the audit workpapers for a period of not less than five years after the period reported thereon.

H. In the conduct of the aforementioned review by the commissioner, photocopies of pertinent audit workpapers may be made and retained by the department. Such working papers or copies thereof obtained by the commissioner shall be confidential and shall not constitute a public record. The workpapers of a certified public accountant subject to maintenance and ~~examination~~ audit pursuant to this Section shall nonetheless remain the property of the certified public accountant.

I. With the commissioner's approval, ~~an insurer~~ a self-insurer may comply with this Subpart by filing the requisite reports which have been prepared in accordance with generally accepted accounting principles, provided that the notes to the financial statements include a reconciliation of differences between net income and capital and surplus on the annual statement filed pursuant to this and comparable totals on the audited financial statements, with a written description of the nature of these differences.

* * *

1 §465. Insolvency of plan

2 When the commissioner, after examination or review of the audit statement
3 required under R.S. 22:463, finds that a self-insurance plan is nearing an insolvent
4 condition or is insolvent, he may issue such orders as he deems necessary to
5 rehabilitate the plan, or he may petition a court of competent jurisdiction for an
6 injunction and rehabilitation as provided for in R.S. 22:73 and 96, Subpart H of Part
7 III of this Chapter, 2, R.S. 22:731 et seq., and Chapter 9 of this Title, R.S. 22:2001
8 et seq.

9 §466. Transaction of ~~business; required filings~~ business

10 ~~A. Each self-insurer doing business in this state on September 3, 1984, shall~~
11 ~~by January 1, 1985, file with the commissioner a complete copy of its plan including~~
12 ~~eligibility requirements, employee contributions, benefits provided, limitations on and~~
13 ~~exclusions from coverage, and provisions relating to the termination of individual~~
14 ~~coverages.~~

15 ~~B. Except as otherwise specifically provided in this Subpart, each self-insurer~~
16 ~~doing business in this state or issuing or providing in this state a self-insurance plan~~
17 ~~on September 7, 1990, shall take all actions necessary for full compliance with the~~
18 ~~provisions of this Subpart by July 1, 1991.~~

19 ~~C.~~ A. No self-insurer shall transact business in this state or shall issue or
20 provide any coverage for health and accident benefits under any self-insurance plan
21 until it has complied with all applicable requirements of this Subpart and of any other
22 applicable provisions of this Title, including R.S. 22:1824.

23 ~~D.~~ B. Each self-insurer shall pay fees in advance in the amount specified in
24 R.S. 22:821 for its filings, certificates, copies, and other services specified therein
25 which are applicable to self-insurers.

26 ~~E.~~ C. The commissioner may take any action available to him under this Title
27 to ensure compliance with and to enforce the provisions of this Subpart.

1 §467. Duties of commissioner; rules and regulations

2 ~~A. The commissioner shall, no later than September 1, 1990, transmit a notice~~
3 ~~by first class mail to each licensed agent who is authorized to market self-insurance~~
4 ~~regulated by this Subpart. The notice shall summarize the provisions of this Subpart~~
5 ~~and shall particularly specify the restrictions and prohibitions which apply to such~~
6 ~~agents, including but not limited to the provisions of R.S. 22:457 relative to an agent's~~
7 ~~personal liability and sanctions.~~

8 B. The commissioner shall promulgate such rules and regulations in
9 accordance with the Administrative Procedure Act as are necessary to effectuate the
10 provisions and purposes of this Subpart.

11 * * *

12 §469. Inherited metabolic diseases; coverage for food products

13 A. Every self-insurer and self-insurance plan, as defined in this Subpart,
14 which are subject to the jurisdiction of the commissioner under Chapter 1 of this Title
15 shall provide coverage, subject to applicable deductibles, coinsurance, and
16 copayments, for low protein food products for treatment of inherited metabolic
17 diseases, if the low protein food products are medically necessary and, if applicable,
18 are obtained from a source approved by the self-insurer or self-insurance plan,
19 provided coverage will not be denied if the self-insurer or self-insurance plan does not
20 approve a source.

21 * * *

22 §481. Purpose; title

23 A. The purpose of this Subpart shall be to regulate the formation and
24 operation of risk retention groups in Louisiana, formed pursuant to the provisions of
25 the federal Risk Retention Amendments of 1986, as amended.

26 B. This Subpart shall be known and may be cited as the "Risk Retention
27 Group Law".

1 §482. Definitions

2 As used in this Subpart, the following terms shall have the meanings ascribed
3 to them in this Section:

4 * * *

5 (3) ~~"Domicile,"~~ "Domicile", for purposes of determining the state in which
6 a purchasing group is domiciled, means:

7 * * *

8 (12) "Risk retention group" means any corporation or other limited liability
9 association formed under the laws of any state, Bermuda, or the Cayman Islands:

10 * * *

11 (g) Whose activities do not include the provision of insurance other than:

12 * * *

13 (ii) Reinsurance with respect to the liability of any other risk retention group
14 or any members or secondary owners of such other group which is engaged in
15 businesses or activities so that such group or member or secondary owner meets the
16 requirement described in Subparagraph ~~(g)~~ (e) of this Paragraph from membership in
17 the risk retention group which provides such reinsurance.

18 * * *

19 §483. Risk retention groups chartered in Louisiana

20 A. A risk retention group seeking to be chartered in this state shall be
21 chartered and licensed as a liability insurance company authorized by the insurance
22 laws of this state and, except as provided elsewhere in this ~~Part, Subpart,~~ shall comply
23 with all of the laws, rules, regulations, and requirements applicable to such insurers
24 chartered and licensed in this state and with R.S. 22:484 to the extent such
25 requirements are not a limitation on laws, rules, regulations, or requirements of this
26 state. Before it may offer insurance in any state, each risk retention group shall also
27 submit for approval to the department of insurance a plan of operation or a feasibility
28 study.

29 * * *

§484. Risk retention groups not chartered in Louisiana

* * *

B. Notice of operations and designation of department as agent. Before offering insurance in this state, a risk retention group shall submit to the department, on a form prescribed by the department:

(1) A statement identifying the state or states in which the risk retention group is chartered and licensed as a liability insurance company, date of chartering, its principal place of business, its members, and such other information as the commissioner of this state may require to verify that the risk retention group meets the qualifications of R.S. 22:482~~(11)~~: (12).

(2) A copy of its plan of operations or a feasibility study and revisions of such plan or study submitted to its state of domicile; except that this Section shall not apply with respect to any line or classification of liability insurance which meets both of the following:

(a) ~~was~~ Was defined in the Product Liability Risk Retention Act of 1981 before the date of the enactment of this Act; ~~and~~.

(b) ~~was~~ Was offered before such date of enactment by any risk retention group which has been chartered and operating for not less than three years before such date of enactment.

* * *

D.(1) Taxation. All premiums paid for coverages within this state to risk-retention groups shall be subject to taxation at the same rate and subject to the same interest, fines, and penalties for nonpayment as that applicable to foreign admitted insurers. To the extent licensed ~~agents or brokers~~ producers are utilized, they shall report and pay the taxes for the premiums for risks which they have placed with or on behalf of a ~~risk-retention~~ risk retention group not chartered in this state. To the extent licensed ~~agents or brokers~~ producers are not utilized or fail to pay the tax, each ~~risk-retention~~ risk retention group shall pay the tax for risks insured with the state.

Further, each risk retention group shall report all premiums paid to it for risks insured within the state.

(2) To the extent that licensed ~~insurance agents or brokers~~ producers are compensated by a ~~risk-retention~~ risk retention group, they shall keep a complete and separate record of all policies procured from each ~~risk-retention~~ risk retention group. The record shall be open to examination by the department, as provided in R.S. 22:492. The records shall include for each policy and type of insurance the following:

* * *

H. Notice to purchasers. Any policy issued by a risk retention group shall contain in ten point type on the front page and the declaration page, the following notice:

"NOTICE

~~This policy is issued by your risk retention group. Your risk retention group may not be subject to all of the insurance laws and regulations of your state. State insurance insolvency guaranty funds are not available for your risk retention group."~~

"NOTICE

This policy is issued by your risk retention group. Your risk retention group may not be subject to all of the insurance laws and regulations of your state. State insurance insolvency guaranty funds are not available for your risk retention group."

* * *

K. Prohibited coverage. No risk retention group may offer insurance policy coverage prohibited by ~~the Louisiana Insurance Code~~ this Code or declared unlawful by the Louisiana Supreme Court.

* * *

1 §485. Additional authority; ~~risk-retention~~ risk retention groups

2 The commissioner may refuse, suspend, or revoke the registration of a risk
3 retention group whenever he shall find that such risk retention group: meets any one
4 of the following conditions:

5 * * *

6 §490. Registration and annual renewal; fees

7 Upon registration with the department, each risk purchasing group shall pay
8 the department ~~a the fee of one hundred dollars:~~ specified in R.S. 22:821(B)(18)(a).
9 Such registration shall expire on the first day of March of each year, unless renewed,
10 and shall be renewed by filing an annual report on a form prescribed by the
11 commissioner and paying ~~a the renewal fee of fifty dollars~~ specified in R.S.
12 22:821(B)(18)(b) to the department.

13 §491. Restrictions on insurance purchased by purchasing groups

14 A. A purchasing group may not purchase insurance from a risk retention
15 group that is not chartered in a state or from an insurer not admitted in the state in
16 which the purchasing group is located, unless the purchase is effected through a
17 licensed ~~agent or broker~~ producer acting pursuant to the ~~surplus lines~~ laws and
18 regulations of such state.

19 * * *

20 C. A purchasing group which obtains liability insurance from an insurer not
21 admitted in this state or a ~~risk-retention~~ risk retention group shall inform each of the
22 members of the group which have a risk located in this state that the risk is not
23 protected by the fund of an insurance guaranty association in this state and that the
24 ~~risk-retention~~ risk retention group or insurer may not be subject to all insurance laws
25 and regulations of this state.

26 * * *

§492. Administrative and procedural authority regarding risk retention groups and purchasing groups

The commissioner may use any of the powers established under ~~the Insurance~~ this Code of this state to enforce the laws of this state so long as those powers are not specifically preempted by the federal Product Liability Risk Retention Act of 1981, as amended by the federal Risk Retention Amendments of 1986. This includes, but is not limited to, the commissioner's administrative authority to investigate, issue subpoenas, conduct depositions and hearings, issue orders, and impose penalties. With regard to any investigation, administrative proceeding, or litigation, the commissioner may rely on the procedural law and regulations of the state. However, the injunctive authority of the commissioner in regard to risk retention groups is restricted by the requirement that any injunction be issued by a court of competent jurisdiction.

§493. Penalties

A risk retention group which violates any provision of this Subpart shall be subject to fines and penalties applicable to licensed insurers generally, including revocation of its ~~license~~ registration and the right to do business in this state.

§494. Duty on ~~agents or brokers~~ producers to obtain license

Any person acting, or offering to act, as ~~an agent or broker~~ a producer for a risk retention group or purchasing group which solicits members, sells insurance coverage, purchases coverage for its members located within the state, or otherwise does business in this state shall obtain a license from the commissioner pursuant to R.S. 22:1541 through 1554 and 1556 through 1565.

* * *

§498. Policyholder's liability

* * *

B. Each assessable policy issued by an admitted risk retention group shall provide the following notice in ten-point print: ~~"This is an assessable policy. The maximum potential contingent liability shall not exceed one annual premium per~~

annum." **"This is an assessable policy. The maximum potential contingent liability shall not exceed one annual premium per annum."**

* * *

§511. Title; purpose

* * *

B. The purpose of this Subpart is to provide the state of Louisiana with a comprehensive body of law for the effective regulation and supervision of title insurance, title insurers licensed to write title insurance in this state, title insurance ~~agents, producers,~~ and the escrow, accounting, closing, and settlement practices of insurers and ~~agents~~ producers wherein title insurance is issued or contemplated to be issued.

§512. Definitions

As used only in this Subpart, the following words are defined as:

* * *

(5) "Depository" shall mean the title insurer, title insurance ~~agent, producer,~~ or qualified financial institution receiving a deposit of funds or documents.

* * *

(6) "Escrow" shall mean the act or process of providing closing and settlement services or services pursuant to an escrow agreement by the title insurer or title insurance ~~agent.~~ producer.

(7) "Escrow account" shall mean the demand deposit account maintained by a title insurer or title insurance ~~agent~~ producer at a qualified financial institution into which the insurer or ~~agent~~ producer deposits all funds collected from any person who is or will be a party to a transaction involving immovable property in which a title insurance policy is contemplated to be issued.

(8) "Escrow agreement" shall mean the written agreement by which a depositor delivers funds or documents to a title insurer or title ~~agent~~ producer and

which specifies the conditions to be satisfied or the event to be performed before the release or delivery of the funds or documents to another person.

* * *

(14) "Security agreement" shall mean an agreement by which funds or other property are received by the title insurer or the title insurance ~~agent~~ producer as collateral to secure the obligation of a person under an indemnity agreement to indemnify or protect a title insurer in exchange for agreeing to provide coverage in a title insurance policy.

* * *

(16) "Title insurance ~~agent~~ producer" or "~~agent~~" "producer" shall mean a person authorized on behalf of the title insurer to issue title insurance reports or policies.

(17) "Title insurance business" or "business of title insurance" shall mean:

* * *

(b) Transacting or proposing to transact by a title insurer or a title insurance ~~agent~~ producer any of the following activities when conducted or performed in contemplation of or in conjunction with the issuance of a title insurance report or policy:

* * *

§513. Title insurers and ~~agents~~; producers; qualifications

Only those persons authorized as a title insurer or ~~agent~~ producer pursuant to this Title shall be qualified to issue a title insurance policy or report or otherwise transact the business of title insurance. Notwithstanding any other law to the contrary, all title insurance policies and reports covering any insurable interest in title to immovable property located in this state shall be signed by ~~an agent~~ a producer licensed in this state under this Subpart or by an employee of a title insurer issuing the title insurance policies and reports when such employee is ~~an agent~~ a producer licensed in this state under this Subpart.

* * *

§515. Title insurers; limitation of authority, powers

* * *

C.(1) Notwithstanding Subsection A of this Section, a title insurer may issue closing or settlement protection to a person who is a party to a transaction in which a title insurance policy is contemplated to be issued. The closing or settlement protection shall conform to the terms of coverage and form of instrument as may be required by the department and may indemnify a person solely against loss of settlement funds because of the following acts of a settlement agent, title insurer's named employee, or title insurance ~~agent~~ producer:

* * *

(b) Failure to comply with instructions when agreed to by the settlement agent, employee, or title insurance ~~agent~~ producer.

* * *

§517. Title insurance ~~agents~~ producers; licensing and reporting requirements

Every title insurance ~~agent~~ producer licensed in the state shall provide, in a timely fashion, each title insurer with which it places business all information the title insurer may request in compliance with the licensing and reporting requirements of the department.

§518. Title insurance ~~agents~~ producers; errors and omissions requirements

A. Every title insurance ~~agent~~ producer licensed in this state shall maintain an errors and omissions policy, which includes coverage for their acts or omissions as a title insurance ~~agent~~ producer, for the benefit of the title insurer or the depositor in amounts, under terms and conditions, and from insurers approved by the department, after considering the reasonableness of the cost and availability thereof.

B. The title insurance ~~agent~~ producer shall furnish the title insurer with proof that the ~~agent~~ producer complies with this Section.

§519. Title insurance ~~agents~~ producers; examination

The department or title insurer may during normal business hours examine, audit, and inspect any and all books, records, files, and escrow and operating accounts

1 related to the title insurance business maintained by a title insurance ~~agent~~, producer
2 its successor in interest, transferee, or receiver as provided under this Subpart.

3 §520. Underwriting contracts required; title insurer, ~~agent~~ producer

4 A. No person acting in the capacity of a title insurance ~~agent~~ producer shall
5 place business with a title insurer, and no title insurer shall accept business from a
6 title insurance ~~agent~~, producer, unless there exists a written contract between the
7 parties. The written contract shall establish the responsibilities of each party, and
8 where both parties share responsibility for a particular function, specify the division
9 of such responsibilities. The written contract shall also contain the following
10 provisions as a minimum:

11 * * *

12 (7) All terms of compensation for the title insurance ~~agent~~, producer.

13 * * *

14 B. The contract shall not be assigned in whole or in part by the title insurance
15 ~~agent~~ producer without the express written consent of the title insurer.

16 §521. Title insurance ~~agent~~, producer; policies and funds remittance

17 A. Unless a later date is specifically authorized by the title insurer for a
18 particular transaction, the title insurance ~~agent~~ producer shall account for and remit
19 all funds and policies due under the contract to the title insurer by the earlier of:

20 * * *

21 B. Notwithstanding the provisions of Subsection A of this Section, when a
22 report has been issued, the title insurance ~~agent~~ producer shall account for and remit
23 all funds and policies due under the contract to the title insurer within sixty days after
24 satisfaction of all requirements and conditions of the report.

25 * * *

26 D. No title insurer or title insurance ~~agent~~ producer shall issue a title
27 insurance report wherein the issuance of a policy of insurance is not contemplated.

1 §522. Title insurance ~~agent~~; producer; termination

2 A. The title insurer may terminate the contract upon written notice to the title
3 insurance ~~agent~~ producer under any of the following circumstances:

4 (1) Fraud, insolvency, appointment of a receiver or conservator, bankruptcy,
5 cancellation of the license or permit to do business of the ~~agent~~; producer, or the
6 commencement of legal proceedings by the state of the domicile of the ~~agent~~;
7 producer, which if successful, would lead to the cancellation of the permit or license
8 to do business of the ~~agent~~; producer.

9 (2) Material breach of any provision of the contract between the title insurer
10 and the title insurance ~~agent~~; producer.

11 (3) In accordance with any other termination provision of the contract.

12 B. Upon the effective date as set forth in the notice of termination from a title
13 insurer, unless otherwise agreed to in writing by the title insurer, the ~~agent~~ producer
14 shall immediately discontinue all title insurance business on behalf of that title
15 insurer.

16 C. Nothing in this Subsection shall relieve the title insurance ~~agent~~ producer
17 or title insurer of any other contractual obligation.

18 §523. Title insurance ~~agent~~; producer; claims

19 It shall be the duty of the title ~~agent~~ insurance producer to immediately report
20 and forward to the title insurer all claims reported to the ~~agent~~ producer by
21 policyholders or other persons.

22 §524. Title insurance ~~agent~~; producer; restrictions

23 The title insurance ~~agent~~ producer shall not:

24 (1) Bind reinsurance on behalf of the title insurer.

25 (2) Permit any of its directors, officers, controlling shareholders, or
26 employees to serve on the title insurer's board of directors if the title insurance ~~agent~~
27 producer wrote one percent or more of the direct premiums of the title insurer written
28 in the previous calendar year as shown on the title insurer's most recent annual

statement filed with the department. This Subsection shall not apply to relationships governed by R.S. 22:691 through 713.

(3) Jointly employ an individual who is employed with the title insurer unless the title insurer and the title insurance ~~agent~~ producer are affiliated or otherwise under common control as defined by R.S. 22:692(3).

§525. Title insurance ~~agent~~; producer; inventory maintenance

The title insurance ~~agent~~ producer shall maintain an inventory of all numbered policy forms or policy numbers assigned to the ~~agent~~ producer by the title insurer.

§526. Title insurer; audit

A. The title insurer shall, at least once every three years, conduct an on-site audit of the escrow and settlement practices, escrow accounts, security arrangements, files, underwriting and claims practices, and policy inventory of the ~~agent~~; producer. If the title ~~agent~~ insurance producer fails to maintain separate escrow or trust accounts for each title insurer it represents, the title insurer shall verify that the funds related to closings in which the title insurer's policies are issued are reasonably ascertainable from the books of account and records of the title ~~agent~~; insurance producer.

* * *

§527. Title insurer; agency appointment and termination

Within five days of executing or terminating a contract with a title insurance ~~agent~~; producer, the title insurer shall provide written notification of the appointment or termination and the reason for termination to the department. All notices of appointment and termination of a title insurance ~~agent~~ producer shall be made on a form promulgated by the department.

§528. Title insurer; restrictions

A title insurer shall not:

(1) Appoint any director, officer, controlling shareholder, or employee of a title insurance ~~agent~~ producer to serve on the title insurer's board of directors if the title insurance ~~agent~~ producer wrote one percent or more of the direct premiums of the title insurer written during the previous calendar year as shown on the title

insurer's most recent annual statement on file with the department. This Subsection shall not apply to relationships governed by R.S. 22:691 through 713.

(2) Jointly employ an individual who is employed with the title insurance ~~agent producer~~ unless the title insurer and the title insurance ~~agent producer~~ are affiliated or otherwise under common control as defined by R.S. 22:692(3).

* * *

§529. Title insurer; inventory maintenance

The title insurer shall maintain an inventory of all numbered policy forms or policy numbers allocated to each title insurance ~~agent producer~~.

§530. Title insurer; agency licensing and errors and omissions insurance requirements

The title insurer shall have on file evidence that each appointed title insurance ~~agent producer~~ is licensed by the state and maintains the errors and omissions insurance required by this Subpart.

§531. Policyholder rights and disclosure

A. A title insurer or a title insurance ~~agent producer~~ issuing a title insurance policy to a lender in conjunction with a mortgage loan involving immovable property made simultaneously with the purchase of all or part of the immovable estate securing the loan, when no owner's title insurance policy has been requested, shall give written notice, on a form prescribed or approved by the department, to the purchaser-mortgagor at the closing.

* * *

§532. Maintenance, conditions; escrow, closing, or settlement services, deposit accounts by title insurer or its ~~agent producer~~

A. A title insurer or a title insurance ~~agent producer~~ may operate in a fiduciary capacity as a closing, escrow, or settlement agent, provided that:

(1) All funds deposited with the title insurer or the title insurance ~~agent producer~~ in connection with any closing, escrow agreement, or security agreement shall be deposited or submitted for collection to a qualified financial institution no

1 later than the close of the next business day following receipt or, in the case where a
 2 borrower has a right of rescission, no later than the close of the next business day
 3 following the termination of the right of rescission, in accordance with the following
 4 requirements:

5 (a) All funds collected for the business of title insurance shall be deposited
 6 and held in an escrow account as defined herein, in the name of the title insurer or title
 7 insurance ~~agent~~ producer and clearly titled as an escrow, settlement, closing, or trust
 8 account.

9 * * *

10 (3) Funds held in a security agreement for the purpose of clearing, writing
 11 over, or insuring over an exception to title shall be disbursed only pursuant to a
 12 written agreement specifying:

13 * * *

14 (b) The duties of the title insurer or the title insurance ~~agent~~ producer with
 15 respect to disbursement of the funds held, including a requirement to maintain
 16 evidence of the disposition of the title exception before any balance may be paid over
 17 to the depositor or his ~~or her~~ designee.

18 * * *

19 B. All disbursements shall be drawn out of an escrow account only if:

20 * * *

21 (2) The funds are in the possession of the title insurer or title insurance ~~agent~~;
 22 producer; and

23 (3) The funds are in one or more of the following forms:

24 * * *

25 (b) Wire transfers unconditionally received by the title insurer or the title
 26 insurance ~~agent~~ producer or the depository of the insurer or ~~agent~~ producer.

27 * * *

(d) A personal check or other item which has been presented for payment and for which funds have been unconditionally collected by the title insurer or the title insurance ~~agent~~ producer.

* * *

(k) Checks drawn on the escrow accounts of title insurers or title insurance ~~agents~~ producers when the title insurance ~~agent~~ producer issuing the check shall have certified by affidavit the following:

* * *

(ii) That the funds disbursed are from those funds received by the title insurance ~~agent~~ producer at the time of the real estate closing and settlement and were in one of the forms enumerated in Paragraph (B)(3) of this Subsection.

* * *

§533. Record retention; requirements

The title insurer and the title insurance ~~agent~~ producer shall maintain sufficient records of their affairs, including evidence of the examination of title and determination of insurability and records of its escrow operations and escrow accounts. The department may prescribe the specific record entries and documents to be kept and the length of time for which the records shall be maintained.

§534. Louisiana Insurance Code; applicability to title insurers, title insurance ~~agents~~ producers

All title insurers and title insurance ~~agents~~ producers shall be subject to all other applicable provisions of this Title unless specifically exempted by this Subpart.

* * *

§536. Penalties; liabilities

A. If the department determines that the title insurer or the title insurance ~~agent~~ producer or any other person has violated this Subpart, or any rule, regulation, or order promulgated thereunder, the department, pursuant to R.S. 22:2191 et seq., may order:

* * *

(2) Revocation or suspension of the license of the title insurance ~~agent~~
producer or the certificate of authority of the title insurer.

B. If an order of rehabilitation or liquidation of the insurer or of conservation of assets of the insurer has been entered pursuant to R.S. 22:73 and 96, Subpart H of Part III of this Chapter, ~~2,~~ R.S. 22:731 et seq., and Chapter 9 ~~both~~ of this Title, R.S. 22:2001 et seq., and the receiver appointed under that order determines that the title insurance ~~agent~~ producer or any other person has not complied with this Subpart, or any related rule, regulation, or order, and the insurer suffered any resulting loss or damage thereunder, the receiver shall maintain a civil action for recovery of damages or other appropriate sanctions for the benefit of the insurer and its policyholders and creditors.

* * *

D. Nothing contained in this Subpart is intended to or shall in any manner limit or restrict the rights of policyholders, claimants, and creditors of the title insurer or the title insurance ~~agent.~~ producer.

* * *

PART II. BUSINESS TRANSACTED WITH ~~BROKER~~

PRODUCER CONTROLLED INSURER LAW

§551. Title

This Part shall be known and may be cited as the "Business Transacted with ~~Broker~~ Producer Controlled Insurer Law".

§552. Definitions

As used in this Part, the following terms shall have the respective meanings hereinafter set forth, unless the context shall otherwise require:

* * *

(2) "~~Broker~~" "Producer" means an insurance ~~broker~~ producer as defined in R.S. 22:~~1162.~~ 1542.

* * *

(4) "Controlled insurer" means a licensed insurer which is controlled, directly or indirectly, by a ~~broker~~ producer.

(5) "Controlling ~~broker~~ producer" means a ~~broker~~ producer who, directly or indirectly, controls an insurer.

* * *

§553. Applicability

This Part shall apply to licensed insurers as defined in R.S. 22:552, either domiciled in this state or domiciled in a state that is not an accredited state having in effect a law substantially similar to this Part. All provisions of the Insurance Holding Company System Regulatory Law, R.S. 22:691 et seq., to the extent they are not superseded by this Part, shall continue to apply to all parties within holding company systems subject to this Part.

§554. Minimum standards

A. Applicability of Section. (1) The provisions of this Section shall apply if, in any calendar year, the aggregate amount of gross written premium on business placed with a controlled insurer by a controlling ~~broker~~ producer is equal to or greater than five percent of the admitted assets of the controlled insurer, as reported in the quarterly statement of the controlled insurer filed as of September thirtieth of the prior year.

(2) Notwithstanding Paragraph (1) of this Subsection, the provisions of this Section shall not apply if:

(a) The controlling ~~broker~~ producer places insurance only with the controlled insurer, or only with the controlled insurer and a member or members of the holding company system of the controlled insurer, or the controlled insurer's parent, affiliate, or subsidiary and receives no compensation based upon the amount of premiums written in connection with such insurance.

(b) The controlling ~~broker~~ producer accepts insurance placements only from nonaffiliated ~~brokers~~ producers, and not directly from insureds.

1 (c) The controlled insurer, except for insurance business written through a
2 residual market facility, accepts insurance business only from a controlling ~~broker~~,
3 producer, a ~~broker~~ producer controlled by the controlled insurer, or a ~~broker~~ producer
4 that is a subsidiary of the controlled insurer.

5 B. Required contract provisions. A controlled insurer shall not accept
6 business from a controlling ~~broker~~ producer and a controlling ~~broker~~ producer shall
7 not place business with a controlled insurer, unless there is a written contract between
8 the controlling ~~broker~~ producer and the insurer specifying the responsibilities of each
9 party, which contract has been approved by the board of directors of the insurer and
10 contains the following minimum provisions:

11 (1) The controlled insurer may terminate the contract for cause, upon written
12 notice to the controlling ~~broker~~ producer. The controlled insurer shall suspend the
13 authority of the controlling ~~broker~~ producer to write business during the pendency of
14 any dispute regarding the cause for the termination.

15 (2) The controlling ~~broker~~ producer shall render accounts to the controlled
16 insurer detailing all material transactions, including information necessary to support
17 all commissions, charges, and other fees received by, or owing to, the controlling
18 ~~broker~~ producer.

19 (3) The controlling ~~broker~~ producer shall remit all funds due under the terms
20 of the contract to the controlled insurer on at least a monthly basis. The due date shall
21 be fixed so that premiums or installments collected shall be remitted no later than
22 ninety days after the effective date of any policy placed with the controlled insurer
23 under this contract.

24 (4) All funds collected for the controlled insurer's account shall be held by the
25 controlling ~~broker~~ producer in a fiduciary capacity, in one or more appropriately
26 identified bank accounts in banks that are members of the Federal Reserve System,
27 in accordance with the applicable provisions of ~~the Louisiana Insurance~~ this Code.
28 However, the funds of a controlling ~~broker~~ producer not required to be licensed in this

1 state shall be maintained in compliance with the requirements of the domiciliary
2 jurisdiction of the controlling ~~broker~~ producer.

3 (5) The controlling ~~broker~~ producer shall maintain separately identifiable
4 records of business written for the controlled insurer.

5 (6) The contract shall not be assigned in whole or in part by the controlling
6 ~~broker~~ producer.

7 (7) The controlled insurer shall provide the controlling ~~broker~~ producer with
8 its underwriting standards, rules and procedures, manuals setting forth the rates to be
9 charged, and the conditions for the acceptance or rejection of risks. The controlling
10 ~~broker~~ producer shall adhere to the standards, rules, procedures, rates, and conditions,
11 which shall be the same as those applicable to comparable business placed with the
12 controlled insurer by a ~~broker~~ producer other than the controlling ~~broker~~ producer.

13 (8) The contract shall specify the rates and terms of the commissions, charges,
14 and other fees of the controlling ~~broker~~ producer and the purposes for those charges
15 or fees. The rates of the commissions, charges, and other fees, shall be no greater
16 than those applicable to comparable business placed with the controlled insurer by
17 ~~brokers~~ producers other than controlling ~~brokers~~ producers. For purposes of this
18 Paragraph and Paragraph (7) of this Subsection, comparable business shall include the
19 same lines of insurance, same kinds of insurance, same kinds of risks, similar policy
20 limits, and similar quality of business.

21 (9) If the contract provides that the controlling ~~broker~~ producer, on insurance
22 business placed with the insurer, is to be compensated contingent upon the profits of
23 the insurer on that business, then such compensation shall not be determined and paid
24 until at least five years after the premiums on liability insurance are earned and at
25 least one year after the premiums are earned on any other insurance. In no event shall
26 the commissions be paid until the adequacy of the reserves of the controlled insurer
27 on remaining claims has been independently verified pursuant to Subsection C of this
28 Section.

1 (10) The contract shall specify a limit on the writings of the controlling ~~broker~~
2 producer in relation to the surplus and total writings of the controlled insurer. The
3 insurer may establish a different limit for each line or subline of business. The
4 controlled insurer shall notify the controlling ~~broker~~ producer when the applicable
5 limit is approached and shall not accept business from the controlling ~~broker~~ producer
6 if the limit is reached. The controlling ~~broker~~ producer shall not place business with
7 the controlled insurer if he has been notified by the controlled insurer that the limit
8 has been reached.

9 (11) The controlling ~~broker~~ producer may negotiate, but shall not bind
10 reinsurance on behalf of the controlled insurer on business the controlling ~~broker~~
11 producer places with the controlled insurer, except that the controlling ~~broker~~
12 producer may bind facultative reinsurance contracts pursuant to obligatory facultative
13 agreements if the contract with the controlled insurer contains underwriting guidelines
14 including, for both reinsurance assumed and ceded, a list of reinsurers with which
15 such automatic agreements are in effect, the coverages and amounts or percentages
16 that may be reinsured and commission schedules.

17 * * *

18 D. Reporting requirements. (1) In addition to any other required loss reserve
19 certification, the controlled insurer shall annually, on April first of each year, file with
20 the commissioner an opinion of an independent casualty actuary, or such other
21 independent loss reserve specialist approved by the commissioner, reporting loss
22 ratios for each line of business written and attesting to the adequacy of loss reserves
23 established for losses incurred and outstanding as of year-end, including losses
24 incurred but not reported, on business placed by the controlling ~~broker~~ producer.

25 (2) The controlled insurer shall annually report to the commissioner the
26 amount of commissions paid to the controlling ~~broker~~ producer, the percentage such
27 amount represents of the net premiums written and comparable amounts and

percentage paid to noncontrolling ~~brokers~~ producers for placements of the same kinds of insurance.

* * *

§555. Disclosure

A. The controlling ~~broker~~, producer, prior to the effective date of the policy, shall deliver written notice to the prospective insured disclosing the relationship between the controlling ~~broker~~ producer and the controlled insurer; except that, if the business is placed through another ~~broker~~, producer, who is not a controlling ~~broker~~, producer, the controlling ~~broker~~ producer shall retain in his records a signed commitment from the other ~~broker~~ producer that such ~~broker~~ producer is aware of the relationship between the insurer and the controlling ~~broker~~ producer and that such ~~broker~~ producer has or will notify the insured.

~~B. Controlled insurers and controlling brokers shall comply with this Section beginning with all policies written or renewed on and after November 1, 1992.~~

§556. Penalties

A. If the commissioner believes that the controlling ~~broker~~, producer, or any other person, has not materially complied with this Part, or any regulation or order promulgated hereunder, after notice and opportunity to be heard, the commissioner may order the controlling ~~broker~~ producer to cease placing business with the controlled insurer.

B. If it is found that, because the controlling ~~broker~~ producer or any other person has not materially complied with this Part, the controlled insurer or any policyholder thereof has suffered any loss or damage, the commissioner may maintain a civil action or intervene in an action brought by or on behalf of the insurer or policyholder for recovery of compensatory damages, for the benefit of the insurer or policyholder, or other appropriate relief.

C. If an order for liquidation or rehabilitation of the controlled insurer has been entered and the receiver appointed pursuant to that order believes that the controlling ~~broker~~ producer or any other person has not materially complied with this

1 Part, or any regulation or order promulgated hereunder, and the insurer suffered any
2 loss or damage therefrom, the receiver may maintain a civil action for recovery of
3 damages or other appropriate sanctions for the benefit of the insurer.

4 D. Nothing contained in this Section shall affect the right of the commissioner
5 to impose any additional penalties provided in ~~the Louisiana Insurance~~ this Code.

6 * * *

7 §571. Annual reports required

8 A. Every insurer authorized to do business in this state shall annually and
9 quarterly file with the commissioner of insurance a true statement of its financial
10 condition, transactions, and affairs, as hereafter required: along with such additional
11 filings as are prescribed by the commissioner for the preceding year, on or before
12 March first of each year, with the National Association of Insurance Commissioners.

13 The statement shall be on forms and shall contain information as required by this
14 Code and by the commissioner of insurance, including supplementals for additional
15 information required by the commissioner of insurance, and shall be verified by the
16 oaths of at least two of the insurer's principal officers. Statements shall also be filed
17 ~~on computer diskettes, as approved by the commissioner of insurance. The~~
18 ~~commissioner of insurance, under specific regulations promulgated by the~~
19 ~~commissioner, may annually waive the computer diskette reporting requirement.~~
20 electronically with the National Association of Insurance Commissioners. Any
21 amendments and addendums to the annual statement filing subsequently filed with the
22 commissioner shall also be filed with the National Association of Insurance
23 Commissioners.

24 B. The annual statement shall be due before the first day of March and show
25 the condition of the company as of the preceding thirty-first day of December.
26 ~~preceding.~~ The first quarterly report shall be due prior to May fifteenth and show the
27 condition of the company as of the preceding thirty-first day of March, ~~preceding.~~
28 The second quarterly report shall be due prior to August fifteenth and show the
29 condition of the company as of the preceding thirtieth day of June, ~~preceding.~~ The

1 third quarterly report shall be due prior to November fifteenth and show the condition
2 of the company as of the preceding thirtieth day of September, ~~preceding~~.

3 C. ~~The~~ Upon the request of an insurer, the commissioner of insurance shall
4 ~~annually during November and December~~ furnish each such insurer duplicate copies
5 of annual and quarterly forms as next required to be filed.

6 D. Each such insurer shall file the appropriate National Association of
7 Insurance Commissioners annual statement blank and quarterly statement blank,
8 which shall be prepared in accordance with the National Association of Insurance
9 Commissioners annual statement instructions handbook, and shall follow those
10 accounting practices and procedures prescribed by the appropriate National
11 Association of Insurance Commissioners Accounting Practices and Procedures
12 Manual.

13 E. In the absence of actual malice, members of the National Association of
14 Insurance Commissioners, their duly authorized committees, subcommittees, and task
15 forces, their delegates, employees of the National Association of Insurance
16 Commissioners, and all others charged with the responsibility of collecting,
17 reviewing, analyzing, and disseminating the information developed from the filing of
18 the annual statement convention blanks shall be acting as agents of the commissioner
19 under the authority of this Section and shall not be subject to civil liability for libel,
20 slander, or any other cause of action by virtue of their collection, review, and analysis
21 or dissemination of the data and information collected from such filings.

22 F. All financial analysis ratios and examination synopses concerning
23 insurance companies that are submitted to the Department of Insurance by the
24 National Association of Insurance Commissioners Insurance Regulatory Information
25 System shall be confidential and shall not be disclosed by the department.

26 ~~E. G.~~ The annual and quarterly statement of an alien insurer shall relate only
27 to its transactions and affairs in the United States unless the commissioner of
28 insurance requires otherwise. The statement shall be verified by the insurer's United
29 States manager or by its officers duly authorized.

1 ~~F. H.~~ The commissioner of insurance may suspend or revoke the certificate
2 of authority of any insurer failing to file its annual statement when due or during any
3 extension of time thereof which the commissioner of insurance, for good cause, may
4 grant.

5 ~~G. I.~~ Upon written application and approval by the commissioner, a domestic
6 company may be exempted from the following filings required by this Section:

7 (1) Quarterly statements.

8 (2) Management discussion and analysis accompanying the annual statement.

9 (3) Electronic filings with the National Association of Insurance
10 Commissioners.

11 (4) Holding company registration.

12 §572. ~~Participation in the Insurance Regulatory Information System of the National~~
13 ~~Association of Insurance Commissioners~~ Written catastrophe response plans

14 ~~A.(1) Each domestic, foreign, or alien insurer who is authorized to transact~~
15 ~~insurance in this state shall file a copy of its annual statement convention blank, along~~
16 ~~with such additional filings as are prescribed by the commissioner for the preceding~~
17 ~~year, on or before March first of each year, with the National Association of Insurance~~
18 ~~Commissioners. The information filed with the National Association of Insurance~~
19 ~~Commissioners shall be in the same format and scope as that required by the~~
20 ~~commissioner and shall include the signed jurat page and the actuarial certification.~~
21 ~~Any amendments and addendums to the annual statement filing subsequently filed~~
22 ~~with the commissioner shall also be filed with the National Association of Insurance~~
23 ~~Commissioners.~~

24 ~~(2) Foreign insurers that are domiciled in a state which has a law substantially~~
25 ~~similar to this Section shall be deemed in compliance with this Section.~~

26 ~~B. In the absence of actual malice, members of the National Association of~~
27 ~~Insurance Commissioners, their duly authorized committees, subcommittees, and task~~
28 ~~forces, their delegates, employees of the National Association of Insurance~~
29 ~~Commissioners, and all others charged with the responsibility of collecting,~~

1 reviewing, analyzing, and disseminating the information developed from the filing of
2 the annual statement convention blanks shall be acting as agents of the commissioner
3 under the authority of this Section and shall not be subject to civil liability for libel,
4 slander, or any other cause of action by virtue of their collection, review, and analysis
5 or dissemination of the data and information collected from such filings.

6 ~~C. All financial analysis ratios and examination synopses concerning~~
7 ~~insurance companies that are submitted to the Department of Insurance by the~~
8 ~~National Association of Insurance Commissioners Insurance Regulatory Information~~
9 ~~System shall be confidential and shall not be disclosed by the department.~~

10 ~~D. The commissioner may suspend, revoke, or refuse to renew the certificate~~
11 ~~of authority of any insurer failing to file its annual statement when due or within any~~
12 ~~extension of time which the commissioner, for good cause, may have granted.~~

13 Every insurer writing any form of commercial or residential property
14 insurance, automobile insurance, marine, or inland marine insurance or writing life
15 or health and accident insurance shall maintain a written catastrophe response plan
16 or plan that describes how the insurer will respond to a catastrophe affecting its
17 policyholders. Additionally, each health maintenance organization, managing
18 general agent, and third-party administrator shall maintain a written catastrophe
19 response plan or plan that describes how it will respond to a catastrophe affecting its
20 business operations. During an examination required by R.S. 22:1981, or at such
21 other time as the commissioner deems appropriate, he shall review the written
22 catastrophe response plan of each insurer, health maintenance organization, managing
23 general agent, and third-party administrator, the insurance written, and the response
24 plan most appropriate for the type of insureds or business operations at issue. The
25 written catastrophe response plan of each insurer, health maintenance organization,
26 managing general agent, and third-party administrator shall be deemed to be
27 confidential, proprietary information subject to the protections of the Uniform Trade
28 Secrets Act, pursuant to Chapter 13-A of Title 51 of the Louisiana Revised Statutes

1 of 1950, shall not be subject to the public records disclosures of R.S. 44:1, and shall
2 not be made public by the commissioner.

3 * * *

4 §574. Material transactions; report, domestic insurers

5 * * *

6 B.(1) Every domestic insurer shall file a report, including any exhibits or
7 other attachments with the department and with the National Association of Insurance
8 ~~Departments~~ Commissioners disclosing material acquisitions and dispositions of
9 assets or material nonrenewals, cancellations, or revisions of ceded reinsurance
10 agreements. No report shall be filed if the acquisitions and dispositions of assets or
11 material nonrenewals, cancellations, or revisions of ceded reinsurance agreements
12 have been submitted to the department for review, approval, or informational
13 purposes for other provisions of ~~the Louisiana Insurance Code~~ this Code, laws, regulations,
14 or other requirements.

15 * * *

16 D. All reports obtained by or disclosed to the department pursuant to this
17 Section shall be given confidential treatment and shall not be subject to subpoena and
18 shall not be made public by the department, the National Association of Insurance
19 ~~Departments, Commissioners,~~ or any other person, except to insurance departments
20 of other states, without the prior written consent of the reporting insurer. The
21 department may disclose the report after giving the reporting insurer notice and an
22 opportunity to be heard if it determines that the interest of policyholders,
23 shareholders, or the public will be served by the publication of the report. The
24 department may publish all or any part of the report in any form as the department
25 may deem appropriate.

26 * * *

27 §583. General limitation on investment in obligations of any one person

28 An insurer shall not, except with the consent of the commissioner of
29 insurance, have at any time any combination of investments in or loans upon the

1 security of the obligations, property, and securities of any one person or institution
2 aggregating an amount exceeding five ~~percent~~ percent of the insurer's assets, except
3 in the case of mortgage loans as provided in R.S. 22:584(A)(5) and in case of
4 investments in stocks of corporations owning funeral homes as provided in R.S.
5 22:584(C). This Section shall not apply to investments in, or loans upon the security
6 of general obligations of the government of the United States or of any state or
7 territory of the United States, or the District of Columbia nor to investments in foreign
8 securities pursuant to R.S. 22:589(A), nor include policy loans made pursuant to R.S.
9 22:584(E).

10 * * *

11 §584. Investments in securities

12 A. Any domestic insurer may invest in the following securities:

13 * * *

14 (4) Investment grade bonds or other obligations which are payable from
15 revenues or earnings specifically pledged therefor of a public utility, state or
16 municipally owned, either directly or through any civil divisions, authority or public
17 instrumentality of a state or municipality, provided that the laws of the state or
18 municipality authorizing the issuance of such bonds or other obligations require that
19 rates for service shall be fixed, maintained, and collected at all times so as to produce
20 sufficient revenue or earnings to pay all operating and maintenance charges and both
21 principal and interest of such bonds or obligations, and provided further that no such
22 bonds or other obligations shall be in default at the date of such investment; and
23 investment grade bonds or evidences of indebtedness, which are payable from tax
24 revenues of any parish, city, town, village, school district, drainage district, sanitary
25 district, park district, or other political subdivision or municipal corporation of this
26 state or any territory of the United States or the District of Columbia, which shall not
27 be in default in the payment of any of its general obligation bonds or tax revenue
28 bonds, either principal or interest, at the date of such investment, and which shall have
29 sufficient tax revenues specifically pledged therefore at the date of such investment;

1 however, no company shall invest an aggregate of more than thirty-three and one-
2 third ~~per centum~~ percent of its admitted assets in bonds or other obligations described
3 in this Paragraph and also those described in ~~R.S. 22:584(A)(13)~~. Paragraph (13) of
4 this Subsection.

5 (5)(a)(i) First mortgages on improved unencumbered real estate or bonds
6 secured thereby located within any of the states of the United States or the District of
7 Columbia, including leasehold estates in improved unencumbered real property
8 having an unexpired term of not less than twenty-one years inclusive of the term
9 which may be provided by an enforceable option of renewal, in an amount not
10 exceeding eighty ~~per centum~~ percent of the appraised value, said appraised value to
11 be substantiated by the appraisal by a recognized and experienced real estate appraiser
12 who is a member of a recognized appraisal organization, which the commissioner of
13 insurance may accept if he is satisfied that the appraiser is competent and
14 disinterested. Before making such investment, a certificate of the value of such
15 property, based on such appraisal shall be executed by the board of directors, by an
16 investment committee, or by a member of the board of directors making or
17 authorizing such investment on behalf of the insurer, provided that the investment in
18 any one mortgage, any one issue of bonds, or any one contract for deed does not
19 exceed ten ~~per centum~~ percent of the company's admitted assets.

20 * * *

21 (b) Subject to the provisions of Subparagraph (a); of this Paragraph, any
22 domestic insurer may invest in obligations secured by mortgages or deeds of trust on
23 real property otherwise encumbered only by a first mortgage or first deed of trust,
24 subject to the following conditions:

25 * * *

26 (h) No such domestic insurer shall invest in any manner, either directly or
27 indirectly by means of corporations, holding companies, trustees, or otherwise, in real
28 estate securities junior to first mortgages, except as set forth above and in Subsection
29 H of this Section. Such domestic insurer shall not invest in excess of sixty-six and

1 two-thirds ~~per centum~~ percent of its admitted assets in the securities described herein
2 and in Subsection G of this Section.

3 * * *

4 (6)(a) Subject to the limit set forth in Subsection B, of this Section, bonds or
5 evidences of indebtedness issued or guaranteed by any railroad corporation or
6 corporations, ~~(other than those organized and chartered for the sole purpose of~~
7 ~~holding stocks of other corporations)~~, created under the laws of the United States or
8 of any of the states of the United States or the District of Columbia or any certificates
9 of any equipment trust created on behalf of any such railroad corporation; provided
10 that such bonds or certificates have not been in default as to principal or interest
11 payments during any of the five years next preceding the date of such investment or
12 during the tenure of such issue if issued less than five years prior to such investment,
13 and provided further that no insurer shall invest in any one issue of such bonds,
14 certificates or evidences of indebtedness, an amount in excess of two ~~per cent~~ percent
15 of such insurer's admitted assets.

16 (b) Such domestic insurer shall not invest in excess of thirty-three and one-
17 third ~~per centum~~ percent of its admitted assets in bonds, certificates, or other
18 evidences of indebtedness described in this ~~paragraph.~~ Paragraph.

19 * * *

20 (9)(a) Subject to the limit set forth in Subsection B of this Section, preferred
21 or guaranteed stocks issued or guaranteed by any solvent corporation or corporations,
22 except the stocks of other insurance companies, created under the laws of the United
23 States or any of the states of the United States or the District of Columbia; provided
24 that no insurer shall invest in any one issue of any such preferred or guaranteed stocks
25 in an amount in excess of two percent of such insurer's admitted assets; and provided
26 further that no such stocks shall be purchased unless the prescribed dividends are
27 being paid thereon.

28 (b) Such domestic insurer shall not invest in excess of twenty-five percent of
29 its admitted assets in the stocks described in this Paragraph; but in no event shall it

1 invest in common stocks, other than guaranteed stocks, except as provided in
2 Subsections C and D of this Section; nor shall it invest in or loan any of its funds on
3 its own stock.

4 * * *

5 (13)(a) Dormitory and union building revenue bonds issued by the state board
6 of education for the state colleges, or by the board of supervisors of Louisiana State
7 University and Agricultural and Mechanical College, provided that the governing
8 body of any state college or state university authorizing the issuance of such bonds
9 requires that rates for service shall be fixed, maintained, and collected at all times so
10 as to produce sufficient revenue or earnings to pay all operating and maintenance
11 charges and both principal and interest of such bonds, and provided, further, that no
12 such bonds shall be in default at the date of such investment.

13 (b) No company shall invest an aggregate of more than thirty-three and one-
14 third ~~per centum~~ percent of its admitted assets in the bonds or other obligations
15 described in ~~R.S. 22:584(A)(4)~~ Paragraph (4) of this Subsection and also those bonds
16 described in ~~the preceding paragraph.~~ Subparagraph (a) of this Paragraph.

17 * * *

18 (18)

19 * * *

20 (b) Investments hereunder shall have a current and continuing minimum
21 quality rating of "A" by one or more of the ~~four~~ nationally recognized securities rating
22 organizations and a rating by the National Association of Insurance Commissioners
23 Securities Valuation Office of one, or if unrated, shall be promptly submitted upon
24 acquisition to the National Association of Insurance Commissioners Securities
25 Valuation Office and receive a minimum quality rating of one. Such domestic insurer
26 shall not invest in excess of one percent of its admitted assets in any one issue of
27 asset-backed obligations or in excess of five percent of its admitted assets in the
28 aggregate of asset-backed obligations described in this Paragraph.

B.(1) The total investment of a domestic insurer in the securities described in Paragraphs (6) through (9), ~~and (17),~~ and (18) of Subsection A of this Section, subject to the limitations stated in said ~~paragraphs,~~ Paragraphs, shall not exceed in the aggregate, seventy-five percent of its admitted assets.

(2) The department shall have the authority to promulgate rules and regulations to further the objectives of Subsection A of this Section to establish the volatility and pricing and reporting requirements for investments authorized in that Subsection.

* * *

D. Any domestic insurer, in addition to the investments permitted by Subsection A of this Section, may invest an amount equal to its capital and surplus if it is a stock company, and, if it is a company other than stock, it may invest an amount equal to its surplus over all liabilities as follows:

(1)

* * *

(b) Such insurers shall not invest more than five percent of its admitted assets in the shares of any one such manufacturing corporation. Such insurers may acquire the stock or other share capital of another insurer but shall not invest more than fifty percent of said funds, directly or indirectly, in shares of another insurer, nor shall such insurer acquire the whole or any part of the stock or other share capital of another insurer which transacts the same kind or kinds of insurance where the effect of such acquisition may be to substantially lessen competition generally or tend to create a monopoly. Investing in the stocks, bonds, or other evidence of indebtedness of any corporation, a substantial portion of whose funds are invested directly or indirectly in the shares of insurance companies, shall be regarded as investing indirectly in such shares. Whenever the commissioner of insurance has reason to believe that there is a violation of this Subsection, he shall hold a hearing, and if he shall find that such investment is in violation of this Subsection, he shall cause such insurer to divest itself of such investment within such reasonable time, or such extension thereof, as

he shall specify. Any such order of the commissioner of insurance shall be subject to review as provided in Chapter 12 of this Title-, R.S. 22:2191 et seq.

* * *

G.

* * *

(2) The aggregate investment by any such insurer under the terms of this Subsection, as evidenced by its original purchase price, shall not exceed five ~~per cent~~ percent of the admitted assets of the insurer.

(3) The combined investments by a domestic insurer under the provisions of this Subsection and Paragraph (5) of Subsection A of this Section shall not exceed sixty-six and two-thirds ~~per cent~~ percent of the admitted assets of such insurer on the December 31 ~~thirty-first~~ next preceding such investment.

* * *

(6) ~~Such orders~~ Orders or decisions of the commissioner of insurance shall be subject to review as provided in Chapter 12 of this Title-, R.S. 22:2191 et seq.

* * *

L. A domestic insurer may invest in the following:

* * *

(2) Notwithstanding the provisions of Subsection H of this Section, the total of loans and investments made pursuant to this Subsection shall not exceed two percent of the insurer's admitted assets.

* * *

N. A domestic insurer may purchase contracts for the servicing of first mortgage loans. The total investment in such contracts shall not exceed ten percent in the aggregate of the insurer's admitted assets.

* * *

§586. Derivative transactions

* * *

1 B. ~~An~~ A domestic insurer may engage in derivative transactions under this
2 Section under the following general conditions:

3 * * *

4 §588. Restriction on acquisition and holding of real property

5 A. No domestic insurer may acquire or hold real property except as follows:

6 * * *

7 (5) Such unencumbered real property as shall have been acquired, in whole
8 or in part, in exchange for real property of approximately the same value theretofore
9 legally acquired and held by it, provided that the amount invested in any one parcel
10 of property so acquired, other than property acquired for the purpose, specified in
11 ~~paragraph~~ Paragraph (1); ~~of this Subsection~~, shall not exceed two ~~per-cent~~ percent of
12 the investing insurer's admitted assets.

13 * * *

14 §589. Foreign securities

15 A. ~~An~~ A domestic insurer authorized to transact insurance in a foreign
16 country may invest any of its funds, in an aggregate amount not exceeding one
17 hundred twenty ~~per-cent~~ percent of its reserves and other statutory obligations
18 incurred in such country, or such greater amount as it may be required by law to
19 invest in such country, and maintain the same there, in securities of such country
20 possessing characteristics and of a quality similar to those required pursuant to this
21 Subpart for investments in the United States; ~~provided that, however,~~ if an insurer
22 shall show, to the satisfaction of the commissioner of insurance, that it is impossible
23 to withdraw from a foreign country, or that the interest of the insurer will suffer
24 materially by such withdrawal, any of its funds in excess of the limit imposed in this
25 Section, such insurer shall not be deemed to be in violation of the provisions ~~hereof~~.
26 of this Subsection.

27 B. ~~An~~ A domestic insurer may invest any of its funds, in an aggregate amount
28 not exceeding five ~~per-cent~~ percent of its admitted assets, in addition to any amount
29 permitted pursuant to ~~Sub-section~~ Subsection A of this Section, in obligations of the

1 government of the Dominion of Canada or of Canadian provinces or municipalities,
2 and in obligations of Canadian corporations, which have not been in default during
3 the five years next preceding date of acquisition, and which are otherwise of equal
4 quality to like United States public or corporate securities as prescribed in this
5 Subpart.

6 * * *

7 §590. When restrictions not applicable

8 A. The restrictions of R.S. 22:584 and 22:588 shall not apply to securities or
9 other assets acquired through merger or consolidation with any other insurer or
10 through a reinsurance agreement, if such assets when originally acquired constituted
11 legal investments for the merged, consolidated, or ceding insurer which acquired
12 them, nor shall such provisions apply to securities, obligations or other assets
13 accepted incident to the adjustment or realization of any debt or investment when
14 deemed by the board of directors or investment committee to be in the best interests
15 of the insurer; ~~but, subject to the provisions of Sub-section B all such securities,~~
16 ~~obligations or other assets so acquired or accepted after 12:00 noon of October 1,~~
17 ~~1948, which are not in accordance with the provisions of this Subpart shall be~~
18 ~~disposed of not later than five years after the date of such acquisition or acceptance,~~
19 ~~or if acquired prior to 12:00 noon of October 1, 1948, not later than five years after~~
20 ~~such latter date.~~

21 * * *

22 §593. Record of investments

23 A. As to each investment or loan of the funds of a domestic insurer, a written
24 authorization thereof in permanent form shall be made; and signed by the officer or
25 chairman of such committee authorizing the investment or loan.

26 B. As to each such investment or loan, the insurer's records shall contain:

27 (1) In the case of loans: ~~The~~ the name of the borrower; the location and legal
28 description of the property; a physical description; and the appraised value of the
29 security; and the amount of the loan, rate of interest, and terms of repayment.

(2) In the case of securities: ~~The~~ the name of the obligor; and a description of the security, the amount invested, the rate of interest or dividend, and the maturity and yield based upon the purchase price.

(3) In the case of real estate: ~~The~~ the location and legal description of the property; a physical description and the appraised value; and the purchase price and terms.

(4) In the case of all investments:

(a) The amount of expenses estimated, if details are not available and commissions if any are incurred on account of any investment or loan, and by whom and to whom payable if not covered by contracts with mortgage loan representatives or correspondents which are part of the insurer's records;

(b) The name of any officer or director of the insurer having any direct, indirect, or contingent interest in the securities or loan representing the investment, or in the assets of the person in whose behalf the investment or loan is made, and the nature of such interest.

* * *

§596. Acquisition and holding of real property by domestic insurers in foreign countries

A. An insurer authorized to transact insurance in a foreign country may acquire and hold real property such as shall be requisite for the convenient accommodation of the transacting of its own business in any such country and such property may include additional space to be rented or leased to third parties for the purpose of producing income to help defray the cost of acquisition, construction, and maintenance of the building, as well as a return on the investment in addition to that derived from the company's own use of a portion of the property. The investment in such a building shall not exceed ten ~~per cent~~ percent of the company's assets in such country and must be built from funds arising from the transaction of business in such country.

1 B. Such property shall be considered as a foreign security within the meaning
 2 of R.S. 22:589. The investment in such property shall also be included, together with
 3 that of other real estate held under the terms of R.S. 22:588 in determining whether
 4 or not there has been compliance with the limit on investments fixed by R.S.
 5 22:588(A)(1).

6 §598. Admitted assets

7 For the purposes of this Subpart, the following assets, if owned by ~~an~~ a
 8 domestic insurer, shall be known as admitted assets:

9 * * *

10 (8) The full amount of reinsurance recoverable by a ceding insurer from a
 11 solvent reinsurer and which reinsurance is authorized under ~~the Louisiana Insurance~~
 12 this Code.

13 * * *

14 §599. Excluded assets

15 In addition to assets impliedly excluded by the provisions of R.S. 22:598, the
 16 following expressly shall not be allowed as assets in any determination of the
 17 financial condition of an insurer:

18 * * *

19 (5) The amount, if any, by which the aggregate book value of investments,
 20 as carried in the assets of the insurer, exceeds the aggregate value, as determined
 21 under the provisions of ~~the Louisiana Insurance~~ this Code.

22 * * *

23 §601. Insurer investment pools

24 * * *

25 F. The pooling agreement for each investment pool shall be in writing and
 26 shall provide that:

27 (1) An insurer and its affiliated insurers or, in the case of an investment pool
 28 investing solely in investments permitted under Paragraph ~~B(B)~~ (1) of this Section, the
 29 insurer and its subsidiaries, affiliates, or, in the case of a United States branch of an

alien insurer, affiliates or subsidiaries of its United States manager, shall at all times,
hold one hundred percent of the interests in the investment pool.

* * *

§611. Definitions

As used in this Subpart, the following terms shall have the following meanings:

* * *

(4) "NAIC" means the National Association of Insurance ~~Departments~~.
Commissioners.

* * *

(11) "Total adjusted capital" means the sum of:

* * *

(b) Such other items, if any, as required by ~~R.S. 22:611(7)~~. Paragraph (7) of this Section.

* * *

§613. Company-action level event

A. "Company-action level event" means any of the following events:

* * *

(2) The notification of a domestic insurer by the department of an adjusted risk-based capital report which indicates an event under Paragraph ~~B~~ (B)(1) of this Section unless the insurer fails to dispute the adjusted risk-based capital report required by R.S. 22:617.

* * *

B. In the event a company-action event occurs, the insurer shall prepare and submit to the department a risk-based capital plan that shall:

(1) Identify the conditions which contribute to the ~~company action~~ company-action level event.

* * *

1 §615. Authorized-control level event

2 * * *

3 B. In the event of an authorized-control level event by an insurer, the
4 department shall:

5 (1) Take actions required pursuant to R.S. 22:614 against an insurer.

6 (2)(a) If the department deems it to be in the best interest of the policyholders,
7 creditors of the insurer, and the public, place the insurer under those proceedings
8 provided by R.S. 22:73 and 96, Subpart H of this Part, ~~III of Chapter 2,~~ R.S. 22:731
9 et seq., and Chapter 9 of ~~the Louisiana Insurance~~ this Code, R.S. 22:2001 et seq.

10 (b) In the event the department takes the actions permitted by this Section, the
11 authorized-control level event shall be deemed sufficient grounds for the department
12 to take action as provided by R.S. 22:73 and 96, Subpart H of this Part, ~~III of Chapter~~
13 2, and Chapter 9 of ~~the Louisiana Insurance~~ this Code and to have the rights, powers,
14 and duties with respect to the insurer as are set forth in R.S. 22:73 and 96, Subpart H
15 of this Part, ~~III of Chapter 2,~~ and Chapter 9 of ~~the Louisiana Insurance~~ this Code

16 (c) In the event the department takes any action under this Section based on
17 an adjusted risk-based capital report, the insurer shall be entitled to such protection
18 as provided in R.S. 22:73 and 96, Subpart H of this Part, ~~III of Chapter 2,~~ and Chapter
19 9 of ~~the Louisiana Insurance~~ this Code.

20 §616. Mandatory-control level event

21 * * *

22 B. In the event of a mandatory-control level event:

23 (1) For any domestic life insurer, the department shall take any actions
24 necessary to place the insurer under regulatory control as provided by R.S. 22:73 and
25 96, Subpart H of this Part, ~~III of Chapter 2,~~ R.S. 22:731 et seq., and Chapter 9 of ~~the~~
26 ~~Louisiana Insurance~~ this Code, R.S. 22:2001 et seq. The mandatory-control level
27 event shall be deemed sufficient grounds for the department to place and maintain the
28 rights, powers, and duties with respect to the insurer as are set forth in R.S. 22:73 and
29 96, Subpart H of this Part, ~~III of Chapter 2,~~ and Chapter 9 of ~~the Louisiana Insurance~~

this Code. If the department takes actions pursuant to an adjusted risk-based capital report, the insurer shall be entitled to the protection of ~~the Louisiana Insurance~~ this Code. The department may forego action for up to ninety days after the mandatory-control level event if the department determines there is a reasonable expectation that the mandatory-control level event may be eliminated within the ninety-day period.

(2)(a) For any domestic property and casualty insurer, the department shall act as necessary to place the insurer under regulatory control as provided by R.S. 22:73 and 96, Subpart H of this Part, ~~III of Chapter 2,~~ and Chapter 9 of ~~the Louisiana Insurance~~ this Code, or, in the case of an insurer which is writing no business and which is running off of its existing business, may allow the insurer to continue its runoff under the administrative supervision of the department.

(b) The mandatory-control level event shall be deemed sufficient grounds for the department to place the insurer and maintain the rights, powers, and duties with respect to the insurer as are set forth in R.S. 22:73 and 96, Subpart H of this Part, ~~III of Chapter 2,~~ and Chapter 9 of ~~the Louisiana Insurance~~ this Code. If the department takes actions pursuant to an adjusted risk-based capital report, the insurer shall be entitled to the protection of ~~the Louisiana Insurance~~ this Code pertaining to summary proceedings.

(c) The department may forego any action for up to ninety days after the mandatory-control level event if the department finds there is a reasonable expectation that the mandatory-control level event may be eliminated within the ninety-day period.

§617. Hearings; administrative

An insurer may make written demand for an administrative hearing, pursuant to the provisions of Chapter 12 of this Title, ~~22 of the Louisiana Revised Statutes of 1950,~~ within thirty days after receipt of notification by the department of one of the following:

* * *

1 §618. Confidentiality; prohibition on announcements, prohibition on use in
2 ratemaking

3 A. All risk-based capital reports, to the extent the information is not set forth
4 in a publicly available annual statement schedule and risk-based capital plans,
5 including the results or report of any examination or analysis of an insurer performed
6 pursuant to any corrective order issued by the department pursuant to examination or
7 analysis, with respect to any domestic insurer or foreign insurer, which are filed with
8 the department, constitute information that might be damaging to the insurer if made
9 available to its competitors, and therefore shall be kept confidential by the
10 department. The information shall not be made public or be subject to civil subpoena,
11 other than by the department and then only for the purpose of enforcement actions
12 taken by the department pursuant to this Subpart or any other provision of ~~the~~
13 ~~Louisiana Insurance~~ this Code.

14 * * *

15 §619. Supplemental provisions; rules; exemption

16 A. The provisions of this Subpart are supplemental to any other provision of
17 the laws of this state and shall not preclude or limit any other powers or duties of the
18 department under ~~the Louisiana Insurance~~ this Code.

19 * * *

20 §620. Foreign insurers

21 * * *

22 C. In the event of a mandatory-control level event with respect to any foreign
23 insurer, if no domiciliary receiver has been appointed with respect to the foreign
24 insurer under the rehabilitation and liquidation statute applicable in the state of
25 domicile of the foreign insurer, the department may make application to the
26 Nineteenth Judicial District Court for and in the parish of East Baton Rouge in
27 accordance with ~~the Louisiana Insurance~~ this Code with respect to the liquidation of
28 property of the foreign insurers located in the state. The occurrence of the mandatory-

control level event shall be considered adequate grounds for the application to the court.

§631. Definitions

As used in this Subpart, these terms shall have the following meanings:

* * *

(4) "Health organization" means a health maintenance organization licensed under Subpart I of Part I of this Chapter, ~~2 of this Title~~.

* * *

(6) "Risk-based capital level" means a health organization's ~~company action~~ company-action level risk-based capital, ~~regulatory action~~ regulatory-action level risk-based capital, ~~authorized control~~ authorized-control level risk-based capital, or ~~mandatory control~~ mandatory-control level risk-based capital where:

(a) ~~Effective December 31, 2003:~~

(i) ~~"Company action level risk-based capital" means the product of 1.5 and the number determined under the risk-based capital formula in accordance with the risk-based capital instructions.~~

(ii) ~~"Regulatory action level risk-based capital" means the product of 1.25 and the number determined under the risk-based capital formula in accordance with the risk-based capital instructions.~~

(iii) ~~"Authorized control level risk-based capital" means the product of 1.1 and the number determined under the risk-based capital formula in accordance with the risk-based capital instructions.~~

(iv) ~~"Mandatory control level risk-based capital" means the product of .95 and the number determined under the risk-based capital formula in accordance with the risk-based capital instructions.~~

(b) ~~Effective December 31, 2004:~~

(i) (a) ~~"Company action~~ Company-action level risk-based capital" means the product of ~~2.0~~ two and the number determined under the risk-based capital formula in accordance with the risk-based capital instructions.

(ii) ~~(b)~~ "~~Regulatory action~~ Regulatory-action level risk-based capital" means the product of ~~1.5~~ one and one half and the number determined under the risk-based capital formula in accordance with the risk-based capital instructions.

(iii) ~~(c)~~ "~~Authorized control~~ Authorized-control level risk-based capital" means the product of ~~1.25~~ one and one quarter and the number determined under the risk-based capital formula in accordance with the risk-based capital instructions.

(iv) ~~(d)~~ "~~Mandatory control~~ Mandatory-control level risk-based capital" means the product of ~~.95~~ ninety-five hundredths and the number determined under the risk-based capital formula in accordance with the risk-based capital instructions.

* * *

§634. ~~Company action~~ Company-action level event

A. A "~~company action~~ company-action level event" means any of the following:

(1) The filing of a risk-based capital report by a health organization that indicates that the health organization's total adjusted capital is greater than or equal to its regulatory action level risk-based capital but less than its ~~company action~~ company-action level risk-based capital.

* * *

B. In the event of a ~~company action~~ company-action level event, the health organization shall prepare and submit to the commissioner a risk-based capital plan that shall do the following:

(1) Identify the conditions that contribute to the ~~company action~~ company-action level event.

(2) Contain proposals of corrective actions that the health organization intends to take and that would be expected to result in the elimination of the ~~company action~~ company-action level event.

* * *

1 C. The risk-based capital plan shall be submitted either:

2 (1) Within forty-five days of the ~~company-action~~ company-action level event.

3 * * *

4 §635. ~~Regulatory-action~~ Regulatory-action level event

5 A. "~~Regulatory-action~~ Regulatory-action level event" means any of the
6 following events:

7 (1) The filing of a risk-based capital report by the health organization that
8 indicates that the health organization's total adjusted capital is greater than or equal
9 to its authorized control level risk-based capital but less than its ~~regulatory-action~~
10 regulatory-action level risk-based capital.

11 * * *

12 (6) Notification by the commissioner to the health organization that both of
13 the following apply:

14 * * *

15 (b) Notification constitutes a ~~regulatory-action~~ regulatory-action level event
16 with respect to the health organization, provided the health organization has not
17 challenged the determination pursuant to R.S. 22:638.

18 * * *

19 (8) Notification by the commissioner to the health organization that the health
20 organization has failed to adhere to its risk-based capital plan or revised risk-based
21 capital plan, but only if the failure has a substantial adverse effect on the ability of the
22 health organization to eliminate the ~~company-action~~ company-action level event in
23 accordance with its risk-based capital plan or revised risk-based capital plan and the
24 commissioner has so stated in the notification, provided the health organization has
25 not challenged the determination under R.S. 22:638.

26 * * *

27 B. In the event of a ~~regulatory-action~~ regulatory-action level event, the
28 commissioner shall do the following:

29 * * *

1 C. In determining corrective actions, the commissioner may take into account
 2 factors the commissioner deems relevant with respect to the health organization based
 3 upon the commissioner's examination or analysis of the assets, liabilities, and
 4 operations of the health organization, including but not limited to the results of any
 5 sensitivity tests undertaken pursuant to the risk-based capital instructions. The risk-
 6 based capital plan or revised risk-based capital plan shall be submitted either:

7 (1) Within forty-five days after the occurrence of the ~~regulatory-action~~
 8 regulatory-action level event.

9 * * *

10 §636. ~~Authorized-control~~ Authorized-control level event

11 A. "~~Authorized-control~~ Authorized-control level event" means any of the
 12 following events:

13 (1) The filing of a risk-based capital report by the health organization that
 14 indicates that the health organization's total adjusted capital is greater than or equal
 15 to its ~~mandatory-control~~ mandatory-control level risk-based capital but less than its
 16 ~~authorized-control~~ authorized-control level risk-based capital.

17 * * *

18 B. In the event of an ~~authorized-control~~ authorized-control level event with
 19 respect to a health organization, the commissioner shall do either of the following:

20 (1) Take such actions as are required under R.S. 22:635 regarding a health
 21 organization with respect to which a ~~regulatory-action~~ regulatory-action level event
 22 has occurred.

23 (2) If the commissioner deems it to be in the best interests of the
 24 policyholders and creditors of the health organization and of the public, take such
 25 actions as are necessary to cause the health organization to be placed under regulatory
 26 control pursuant to R.S. 22:73 and 96, Subpart H of this Part, III of Chapter 2, R.S.
 27 22:731 et seq., and Chapter 9 of this Title., R.S. 22:2001 et seq. In the event the
 28 commissioner takes such actions, the ~~authorized-control~~ authorized-control level
 29 event shall be deemed sufficient grounds for the commissioner to take action pursuant

1 to R.S. 22:73 and 96, Subpart H of this Part, ~~III of Chapter 2~~, and Chapter 9 of this
2 Title and the commissioner shall have the rights, powers, and duties with respect to
3 the health organization as are set forth in R.S. 22:73 and 96, Subpart H of this Part,
4 ~~III of Chapter 2~~, and Chapter 9 of this Title.

5 §637. ~~Mandatory control~~ Mandatory-control level event

6 A. "~~Mandatory control~~ Mandatory-control level event" means any of the
7 following events:

8 (1) The filing of a risk-based capital report which indicates that the health
9 organization's total adjusted capital is less than its ~~mandatory control~~ mandatory-
10 control level risk-based capital.

11 * * *

12 B. In the event of a ~~mandatory control~~ mandatory-control level event, the
13 commissioner shall take such actions as are necessary to place the health organization
14 under regulatory control pursuant to R.S. 22:73 and 96, Subpart H of this Part, ~~III of~~
15 ~~Chapter 2~~, R.S. 22:731 et seq., and Chapter 9 of this Title; R.S. 22:2001 et seq. In
16 that event, the ~~mandatory control~~ mandatory-control level event shall be deemed
17 sufficient grounds for the commissioner to take action under, and the commissioner
18 shall have the rights, powers, and duties with respect to the health organization as are
19 set forth in R.S. 22:73 and 96, Subpart H of this Part, ~~III of Chapter 2~~, and Chapter
20 9 of this Title. Notwithstanding any of the foregoing, the commissioner may forego
21 action for up to ninety days after the ~~mandatory control~~ mandatory-control level event
22 if the commissioner finds there is a reasonable expectation that the ~~mandatory control~~
23 mandatory-control level event may be eliminated within the ninety-day period.

24 * * *

25 §638. Hearings

26 Upon the occurrence of any of the following events, the health organization
27 shall have the right to a confidential departmental hearing, on a record, at which the
28 health organization may challenge any determination or action by the commissioner.
29 The health organization shall notify the commissioner of its request for a hearing

1 within five days after the notification by the commissioner under Paragraph (1), (2),
 2 (3), or (4) of this Section. Upon receipt of the health organization's request for a
 3 hearing, the commissioner shall set a date for the hearing, which shall be no less than
 4 ten nor more than thirty days after the date of the health organization's request. The
 5 events include:

6 * * *

7 (2) Notification to a health organization by the commissioner that both of the
 8 following apply:

9 * * *

10 (b) Notification constitutes a ~~regulatory-action~~ regulatory-action level event
 11 with respect to the health organization.

12 (3) Notification to a health organization by the commissioner that the health
 13 organization has failed to adhere to its risk-based capital plan or revised risk-based
 14 capital plan and that the failure has a substantial adverse effect on the ability of the
 15 health organization to eliminate the ~~company-action~~ company-action level event with
 16 respect to the health organization in accordance with its risk-based capital plan or
 17 revised risk-based capital plan.

18 * * *

19 §651. Reinsurance credits

20 * * *

21 D.(1)(a) Credit shall also be allowed under ~~Subparagraph~~ Paragraph (2) of
 22 this Subsection when the reinsurance is ceded to an assuming insurer which maintains
 23 a trust fund in a qualified United States financial institution, as defined in R.S.
 24 22:653(B), for the payment of the valid claims of its United States policyholders and
 25 ceding insurers, their assigns, and successors in interest. The assuming insurer shall
 26 report and submit annually to the commissioner information substantially the same
 27 as that required to be reported on the National Association of Insurance
 28 Commissioners (NAIC) annual statement form by authorized insurers to enable the
 29 commissioner to determine the sufficiency of the trust fund.

(b) Any credit for reinsurance shall not be granted under ~~Subparagraph~~
Paragraph (2) of this Subsection unless the form of the trust and amendments to the
trust have been approved by the Department of Insurance. The trust instrument shall
provide that contested claims shall be valid and enforceable upon the final order of
any court of competent jurisdiction in the United States. The trust shall vest legal title
to its assets in the trustees of the trust for its United States ceding insurers, their
assigns, and successors in interest. The trust shall be subject to examination as
determined by the department. The trust described herein shall remain in existence
for as long as the assuming insurer shall have obligations due under the reinsurance
agreements subject to the trust.

(c) Not later than the twenty-eighth day of each February, the trustees of the
trust established under ~~Subparagraph~~ Paragraph (2) of this Subsection shall provide
a written report to the department setting forth the balance of the trust and listing the
investments of the trust of the preceding calendar year, and shall certify the date of
termination of the trust, if so planned, or shall certify that the trust shall not expire
prior to the succeeding December thirty-first.

* * *

§654. Calculation of reinsurance credits

A. For the purpose of determining the financial condition of a ceding insurer,
only if such reinsurance is effected by the ceding insurer in any assuming insurer
authorized to do such business in this state, the ceding insurer shall, in addition to any
credit allowed against its loss reserves, receive credit for such reinsurance calculated
in the following manner:

(1) In the case of reinsurance of the whole or any part of any risk other than
as specified in Paragraph (2) ~~following~~, of this Subsection, the ceding insurer shall
receive credit for such reinsurance by way of deduction from its unearned premium
liability calculated in accordance with the provisions of Subpart B of Part IV of
this Chapter, 2 of this Title. R.S. 22:761 et seq.

* * *

§661. Authorization; hearings on violations

* * *

B. The commissioner may conduct hearings in accordance with Chapter 12 of this Title, R.S. 22:2191 et seq., on any matters arising out of the application or violation of the provisions of this Subpart or any rules and regulations promulgated pursuant thereto.

* * *

§672. Purpose and scope

The purpose of this Subpart is to improve the commissioner's surveillance of the financial condition of insurers by requiring an annual ~~examination~~ audit by independent certified public accountants of the financial statements reporting the financial condition and the results of operations of insurers.

§673. Audited financial report

By June first of each year, every admitted insurer in the state shall file an annual financial report for the immediately preceding year ending December thirty-first, audited by a certified public accountant as required by the National Association of Insurance Commissioners, as ~~evidenced~~ required by its annual statement instruction handbook. The commissioner may determine and require that additional information be submitted in the annual financial report.

§674. Exemptions and filing dates

A.

* * *

(3) Within ten days after a denial of the written request for an exemption from this Subpart, the insurer may request, in writing, a hearing on its application for an exemption. The hearing shall be held in accordance with Chapter 12 of ~~the Louisiana Insurance Code~~ this Code, R.S. 22:2191 et seq.

* * *

B. Upon written application of an insurer, the commissioner may permit an insurer to file ~~annual~~ audited financial reports for specified periods on another basis

other than a calendar year basis. Within ten days from a denial of such a written request, the insurer may request, in writing, a hearing on its application. The hearing shall be held in accordance with Chapter 12 of ~~the Louisiana Insurance~~ this Code.

* * *

§693. Subsidiaries of insurers

* * *

B. Additional investment authority. In addition to investments in common stock, preferred stock, debt obligations, and securities permitted under all other Sections of this Code, a domestic insurer may also:

* * *

(2) Invest any amount in common stock, preferred stock, debt obligations, and other securities of one or more subsidiaries engaged or organized to engage exclusively in the ownership and management of assets authorized as investments for the insurer, provided that each subsidiary agrees to limit its investments in any asset so that such investments will not cause the amount of the total investment of the insurer to exceed any of the investment limitations specified in ~~Subsection B Paragraph (1) of this Section~~ Subsection or any other limitations set forth in this Code applicable to the insurer. For the ~~purpose~~ purposes of this Section, "the total investment of the insurer" shall include:

* * *

§694. Acquisition of control of or merger with domestic insurer

* * *

D. Approval by commissioner; hearings.

(1) The commissioner shall approve any merger or other acquisition of control referred to in Subsection A of this Section unless, after a public hearing held pursuant to the provisions of Chapter 12 of this Title, ~~22 of the Louisiana Revised Statutes of 1950, R.S. 22:2191 et seq.,~~ he finds that:

* * *

1 §696. Incorporation of a mutual insurance holding company

2 * * *

3 C. Any investments of the mutual insurance holding company, other than its
4 investments in the intermediate holding company or the insurance company
5 reorganized under R.S. 22:231, shall be subject to the limitations of Subpart B of
6 this Part ~~III of Chapter 2 of this Title~~ as if the mutual insurance holding company
7 were a domestic insurer. A mutual insurance holding company and an intermediate
8 holding company organized under this Section shall be deemed an insurer that pays
9 a license tax under Parts I and III of Chapter 3 of this Title, R.S. 22:791 et seq. and
10 R.S. 22:821 et seq., and R.S. 22:831 through 838 and 842 through 846 for the
11 purposes of R.S. 22:791.

12 * * *

13 §699. Insurer's rehabilitation and liquidation

14 A mutual insurance holding company established pursuant to R.S. 22:231 is
15 deemed to be an insurer subject to R.S. 22:73 and 96, Subpart H of this Part, ~~III of~~
16 ~~Chapter 2~~, R.S. 22:731 et seq., and Chapter 9 of this Title, R.S. 22:2001 et seq., and
17 shall automatically be a party to any proceeding under that Part involving an
18 insurance company which, as a result of a reorganization pursuant to R.S. 22:231, is
19 a subsidiary of the mutual insurance holding company or an intermediate holding
20 company. In any proceeding under R.S. 22:73 and 96, Subpart H of this Part, ~~III of~~
21 ~~Chapter 2~~, and Chapter 9 of this Title involving an insurance company reorganized
22 under R.S. 22:231, the assets of the mutual insurance holding company are deemed
23 to be assets of the estate of the reorganized insurance company for purposes of
24 satisfying the claims of the reorganized insurance company's policyholders. A mutual
25 insurance holding company shall not dissolve or liquidate without the approval of the
26 commissioner or as ordered by the district court pursuant to R.S. 22:73 and 96,
27 Subpart H of this Part, ~~III of Chapter 2~~, and Chapter 9 of this Title.

28 * * *

§701. Sale of stock

An intermediate holding company established and an insurance company reorganized pursuant to R.S. 22:231 may issue stock to any persons legally permitted to own stock, provided that the mutual insurance holding company at all times owns either directly or indirectly a majority of the voting shares of the capital stock of the reorganized insurance company as required by R.S. 22:698. Except with respect to stock issued directly or indirectly for ownership by the ~~Mutual Insurance Holding Company~~, mutual insurance holding company, the reorganized insurance company, or the intermediate holding company shall, prior to the initial issuance of stock, obtain a fairness opinion with respect to the value of the stock to be issued from an investment banking organization with experience and established credentials in the evaluation of insurance organizations. No solicitation for the sale of the stock of an insurance company reorganized under R.S. 22:231 or the intermediate holding company established under R.S. 22:231 may be made except in accordance with the provisions of R.S. 22:88.

* * *

§703. Registration of insurers

A. Registration.

(1) Every insurer which is authorized to do business in this state and which is a member of an insurance holding company system shall register with the commissioner, except a foreign insurer subject to registration requirements and standards adopted by statute or regulation in the jurisdiction of its domicile which are substantially similar to those contained in:

* * *

(b) R.S. 22:704(A), ~~R.S. 22:704~~ and (B).

* * *

§704. Standards and management of an insurer within a holding company system

* * *

1 B. Dividends and other distributions.

2 * * *

3 (2)(a) For purposes of this Section, ~~until~~ effective October 30, 1993, an
4 extraordinary dividend or distribution shall include any dividend or distribution of
5 cash or other property, whose fair market value, together with that of other dividends
6 or distributions made within the preceding twelve months, exceeds the ~~greater~~ lesser
7 of:

8 * * *

9 (b) In determining whether a dividend or distribution is extraordinary, an
10 insurer, other than a life insurer, may carry forward net income from the previous two
11 calendar years that has not already been paid out as dividends. The carry forward
12 shall be computed by taking the net income from the second and third preceding
13 calendar years, not including realized capital gains, less dividends paid in the second
14 and immediate preceding calendar years. ~~Effective October 30, 1993, any~~
15 ~~extraordinary dividend or distribution shall include any dividend or distribution of~~
16 ~~cash or other property whose fair market value, together with that of other dividends~~
17 ~~or distributions made within the preceding twelve months, exceeds the lesser of (i) or~~
18 ~~(ii) of Subparagraph (a).~~

19 * * *

20 §709. Sanctions

21 * * *

22 B.(1) Every director or officer of an insurance holding company system who
23 knowingly violates, participates in, or assents to, or who knowingly permits any of
24 the officers or agents of the insurer to engage in transactions or make investments
25 which have not been properly reported or which violate this Subpart, shall pay, in
26 their individual capacities, a civil forfeiture of not more than one thousand dollars per
27 violation, after notice and hearing before the commissioner.

28 (2) In determining the amount of the civil forfeiture, the commissioner shall
29 take into account the appropriateness of the forfeiture with respect to the gravity of

1 the violation, the history of previous violations, and such other matters as justice may
2 require.

3 * * *

4 §710. Receivership

5 Whenever it appears to the commissioner that any person has committed a
6 violation of this Subpart which so impairs the financial condition of a domestic
7 insurer as to threaten insolvency or make the further transaction of business by it
8 hazardous to its policyholders, creditors, shareholders, or the public, then the
9 commissioner may proceed as provided in R.S. 22:73 and 96, Subpart H of this Part,
10 ~~II of Chapter 2, R.S. 22:731 et seq.,~~ and Chapter 9 of this Title-, R.S. 22:2001 et seq.

11 * * *

12 §714. Substitution of policies; charge by lender prohibited; penalty

13 A. It shall be unlawful for any person, firm, or corporation engaged in
14 financing the purchase of real or personal property, or of lending money on the
15 security of real or personal property, or for any trustee, director, officer, agent, or
16 other employee of any such person, firm or corporation, to require, directly or
17 indirectly, that a borrower, or any other person, in obtaining insurance coverage on
18 the property, pay a service charge or fee of any kind to substitute the insurance policy
19 of one insurance company for that of another.

20 B. Any violation of any of the provisions of this Section by any person, firm,
21 or corporation is declared to be a misdemeanor and is punishable by a fine of not less
22 than one hundred dollars or more than five hundred dollars, or imprisonment for not
23 less than sixty days or more than one year, or both fine and imprisonment, for each
24 offense, in the discretion of the court.

25 §715. Ownership of domestic stock insurance company equity securities; filing of
26 statements

27 Every person who is directly or indirectly the beneficial owner of more than
28 ten ~~per cent~~ percent of any class of any equity security of a domestic stock insurance
29 company, or who is a director or an officer of such company, shall file in the office

of the commissioner of insurance; ~~on or before the first day of July, 1966, or within~~
 ten days after he becomes such beneficial owner, director, or officer, a statement, in
 such form as the commissioner of insurance may prescribe, of the amount of all
 equity securities of such company of which he is the beneficial owner, and within ten
 days after the close of each calendar month thereafter, if there has been a change in
 such ownership during such month, shall file in the office of the commissioner of
 insurance a statement, in such form as the commissioner of insurance may prescribe,
 indicating his ownership at the close of the calendar month and such changes in his
 ownership as have occurred during such calendar month.

* * *

§722. Securities exempt

The provisions of R.S. 22:715 through 717 shall not apply to such equity
 securities of a domestic stock insurance company if either of the following apply:

~~(a) such~~ (1) Such securities shall be registered; or shall be required to be
 registered; pursuant to Section 12 of the Securities Exchange Act of 1934, as
 amended; ~~or if.~~

~~(b) such~~ (2) Such domestic stock insurance company shall not have any class
 of its equity securities held of record by one hundred or more persons on the last
 business day of the year next preceding the year in which equity securities of the
 company would be subject to the provisions of R.S. 22:715 through 717 except for the
 provisions of this ~~subsection~~ Paragraph. ~~(b)~~

§723. Rules and regulations

The ~~Commissioner~~ commissioner of ~~Insurance~~ insurance shall have the power
 to make such rules and regulations as may be necessary for the execution of the
 functions vested in him by R.S. 22:49, 715 through 720, and 722, and 723; and may
 for such purpose classify domestic stock insurance companies, securities, and other
 persons or matters within his jurisdiction. No provision of R.S. 22:715 through
 22:717 imposing any liability shall apply to any act done or omitted in good faith in
 conformity with any rule or regulation of the ~~Commissioner~~ commissioner of

1 ~~Insurance~~, insurance, notwithstanding that such rule or regulation may, after such act
2 or omission, be amended or rescinded or determined by judicial or other authority to
3 be invalid for any reason.

4 * * *

5 §731. Administrative supervision; commissioner

6 A. An insurer shall be subject to administrative supervision by the
7 commissioner if upon examination or at any other time it appears in the discretion of
8 the commissioner that:

9 * * *

10 (3) The insurer has failed to comply with the applicable provisions of ~~the~~
11 ~~Louisiana Insurance~~ this Code.

12 * * *

13 §751. Commissioner of insurance to make valuation

14 * * *

15 E. ~~From and~~ On or after July 29, 1947, the reserves of industrial life insurance
16 companies and service insurance companies chartered by this state shall be
17 determined by the commissioner of insurance by applying the following reductions
18 to the reserve figures produced, in each case, by the method of computation set forth
19 in the foregoing provisions of this Section:

20 * * *

21 F. Any life insurer transacting insurance in foreign countries only and not
22 transacting insurance in any state of the United States or of the District of Columbia
23 shall calculate its reserves on insurance written on such residents of foreign countries
24 in accordance with reserve standards approved by the commissioner of insurance for
25 the state of Louisiana. Acts that would otherwise be considered the transaction of
26 insurance as that term is defined in ~~R.S. 22:1 et seq.~~, this Title shall not be considered
27 the transaction of insurance when undertaken in connection with the insurance of
28 residents of foreign countries by life insurers that only insure residents of foreign
29 countries. The mortality, interest, and other standards specified in this Section and

1 in the standard nonforfeiture law as set forth in R.S. 22:936 shall not apply to policies
2 and contracts approved for issuance only to residents of foreign countries.

3 §752. Actuarial opinion reserves

4 A. ~~Beginning December 31, 1992, each~~ Each life insurance company doing
5 business in this state shall annually submit the opinion of a qualified actuary as to
6 whether the reserves and related actuarial items held in support of the policies and
7 contracts specified by the commissioner by regulation are computed appropriately,
8 are based on assumptions which satisfy contractual provisions, are consistent with
9 prior reported amounts, and comply with applicable laws of this state. The
10 commissioner by regulation shall define the specifics of this opinion and add any
11 other items deemed to be necessary in its scope.

12 B.(1) ~~Beginning December 31, 1993, each~~ Each life insurance company,
13 except as exempted by or pursuant to regulation, shall also annually include in the
14 opinion required by Subsection A of this Section, an opinion of the same qualified
15 actuary as to whether the reserves and related actuarial items held in support of the
16 policies and contracts specified by the commissioner by regulation, when considered
17 in light of the assets held by the company with respect to the reserves and related
18 actuarial items, including but not limited to the investment earnings on the assets and
19 the considerations anticipated to be received and retained under the policies and
20 contracts, make adequate provision for the obligations of the company under the
21 policies and contracts, including but not limited to the benefits under and expenses
22 associated with the policies and contracts.

23 * * *

24 D. Each opinion shall be governed by the following provisions:

25 (1) The opinion shall be submitted with the annual statement reflecting the
26 valuation of such reserve liabilities for each year ~~ending on or after December 31,~~
27 ~~1992.~~ as of the end of that year.

28 * * *

§753. Policies under standard valuation law

* * *

B.(1) Except as otherwise provided in Paragraphs (2) and (3) of this Subsection, the minimum standard for the valuation of all other policies and contracts shall be the commissioner's reserve valuation methods defined in Paragraphs (4), (5), and (8) of this Subsection, five percent interest for group annuity and pure endowment contracts, four percent interest for all other such policies and contracts, and four and one-half percent interest for policies and contracts, other than annuities and pure endowment contracts, issued on or after September 7, 1979, and the following tables:

(a) For all ordinary policies of life insurance issued on the standard basis, excluding any disability and accidental death benefits in such policies: the Commissioners 1941 Standard Ordinary Mortality Table for such policies issued prior to ~~the effective date of R.S. 22:936(E), September 7, 1979,~~ the Commissioners 1958 Standard Ordinary Mortality Table for such policies issued on or after ~~the effective date of R.S. 22:936(E) September 7, 1979,~~ and prior to ~~the effective date of R.S. 22:936(G), January 1, 1989;~~ provided that for any category of such policies issued on female risks, all modified net premiums and present values referred to in this Section may be calculated according to an age not more than six years younger than the actual age of the insured; and for such policies issued on or after the effective date of R.S. 22:168(G), the Commissioners 1980 Standard Ordinary Mortality Table, or, at the election of the insurer for any one or more specified plans of life insurance, the Commissioners 1980 Standard Ordinary Mortality Table with Ten-Year Select Mortality Factors, or any ordinary mortality table adopted after 1980, by the National Association of Insurance Commissioners that is approved by the commissioner.

(b) For all new industrial life insurance policies issued on the standard basis, excluding any disability and accidental death benefits in such policies: the 1941 Standard Industrial Mortality Table for such policies issued prior to ~~the effective date of R.S. 22:936(F), September 7, 1979,~~ and for such policies issued on or after such effective date the Commissioners 1961 Standard Industrial Mortality Table or any

1 industrial mortality table adopted after 1980, by the National Association of Insurance
2 Commissioners that is approved by the commissioner.

3 * * *

4 (e) For total and permanent disability benefits in or supplementary to ordinary
5 policies or contracts: for policies or contracts issued on or after January 1, 1966, the
6 tables of Period 2 disablement rates and the 1930 to 1950 termination rates of the
7 1952 Disability Study of the Society of Actuaries, with due regard to the type of
8 benefit or any tables of disablement rates and termination rates adopted ~~after 1980,~~
9 on or after January 1, 1981, by the National Association of Insurance Commissioners
10 that are approved by the commissioner; for policies or contracts issued on or after
11 January 1, 1961, and prior to January 1, 1966, either such tables or, at the option of
12 the insurer, the Class (3) Disability Table (1926); and for policies issued prior to
13 January 1, 1961, the Class (3) Disability Table (1926). Any such table shall, for
14 active lives, be combined with a mortality table authorized by this Subpart for
15 calculating the reserves for life insurance policies.

16 (f) For accidental death benefits in or supplementary to policies: for policies
17 issued on or after January 1, 1966, the 1959 Accidental Death Benefits Table or any
18 accidental death benefits table adopted ~~after 1980,~~ on or after January 1, 1981, by the
19 National Association of Insurance Commissioners that is approved by the
20 commissioner; for policies issued on or after January 1, 1961, and prior to January 1,
21 1966, either such table or, at the option of the insurer, the Inter-Company Double
22 Indemnity Mortality Table; and for policies issued prior to January 1, 1961, the Inter-
23 Company Double Indemnity Mortality Table. Either table shall be combined with a
24 mortality table authorized by this Subpart for calculating the reserves for life
25 insurance policies.

26 * * *

27 (2)(a) Except as provided in Paragraph (3) of this Subsection, the minimum
28 standard for the valuation of all individual annuity and pure endowment contracts
29 issued on or after September 7, 1979, and for all annuities and pure endowments

1 purchased on or after such effective date under group annuity and pure endowment
2 contracts shall be the Commissioner's reserve valuation methods defined in
3 Paragraphs (4) and (5); of this Subsection and the following tables and interest rates:

4 * * *

5 (ii) For individual single premium immediate annuity contracts issued on or
6 after September 7, 1979, excluding any disability and accidental death benefits in
7 such contracts: the 1971 Individual Annuity Mortality Table or any individual annuity
8 mortality table adopted ~~after 1980~~, on or after January 1, 1981, by the National
9 Association of Insurance Commissioners that is approved by the commissioner, or
10 any modification of these tables approved by the commissioner, and seven and one-
11 half percent interest.

12 (iii) For individual annuity and pure endowment contracts issued on or after
13 September 7, 1979, other than single premium immediate annuity contracts, excluding
14 any disability and accidental death benefits in such contracts: the 1971 Individual
15 Annuity Mortality Table or any individual annuity mortality table adopted ~~after 1980~~,
16 on or after January 1, 1981, by the National Association of Insurance Commissioners
17 that is approved by the commissioner, or any modification of these tables approved
18 by the commissioner, and five and one-half percent interest for single premium
19 deferred annuity and pure endowment contracts and four and one-half percent interest
20 for all other such individual annuity and pure endowment contracts.

21 * * *

22 (v) For all annuities and pure endowments purchased on or after September
23 7, 1979, under group annuity and pure endowment contracts, excluding any disability
24 and accidental death benefits purchased under such contracts: the 1971 Group
25 Annuity Mortality Table or any group annuity mortality table adopted ~~after 1980~~, on
26 or after January 1, 1981, by the National Association of Insurance Commissioners that
27 is approved by the commissioner, or any modification of these tables approved by the
28 commissioner, and seven and one-half percent interest.

29 * * *

(3)(a) The interest rates used in determining minimum standard for the valuation of the policies and contracts listed in ~~Subparagraphs~~ Items (i), (ii), (iii), and (iv) ~~below of this Subparagraph~~ shall be the calendar year statutory valuation interest rates, as defined in this Paragraph, or, at the option of the insurer, for any category of policies or contracts, the rate or rates of interest provided in ~~Paragraphs~~ Paragraph (1) or (2) of this Subsection.

(i) All life insurance policies issued in a particular calendar year, on or after ~~the operative date of R.S. 22:936(G):~~ January 1, 1989.

(ii) All individual annuity and pure endowment contracts issued ~~in a particular calendar year~~ on or after January 1, 1983.

(iii) All group annuities and pure endowments ~~purchased in a particular calendar year~~ on or after January 1, 1983; ~~under group annuity and pure endowment contracts.~~

(iv) The net increase, if any, in a particular calendar year after January 1, 1983, in the amounts held under guaranteed interest contracts.

(b)(i) The calendar year statutory valuation interest rates shall be determined as follows, ~~and~~ with the results rounded to the nearer one-quarter of one percent:

~~a. (aa)~~ For life insurance: $I = .03 + W (R_1 - .03) + \underline{W} (R_2 - .09).$

2

~~b. (bb)~~ For single premium immediate annuities and for annuity benefits involving life contingencies arising from other annuities with cash settlement options and from guaranteed interest contracts with cash settlement options: $I = .03 + W (R - .03)$ where R_1 is the lesser of R and $.09$; R_2 is the greater of R and $.09$; R is the reference interest rate defined in Subparagraph (d) of this Paragraph; and W is the weighting factor defined in Subparagraph (c) of this Paragraph.

~~c. (cc)~~ For other annuities with cash settlement options and guaranteed interest contracts with cash settlement options, valued on an issue year basis, except as stated in ~~b. above,~~ Subitem (bb) of this Item, the formula for life insurance stated in ~~a. above~~ Subitem (aa) of this Item shall apply to annuities and guaranteed interest

1 contracts with guarantee durations in excess of ten years and the formula for single
 2 premium immediate annuities stated in ~~b. above~~ Subitem (bb) of this Item shall apply
 3 to annuities and guaranteed interest contracts with guarantee duration of ten years or
 4 less.

5 ~~d. (dd)~~ For other annuities with no cash settlement options and for guaranteed
 6 interest contracts with no cash settlement options, the formula for single premium
 7 immediate annuities stated in ~~b. above~~ Subitem (bb) of this Item shall apply.

8 ~~e. (ee)~~ For other annuities with cash settlement options and guaranteed
 9 interest contracts with cash settlement options, valued on a change in fund basis, the
 10 formula for single premium immediate annuities stated in ~~b. above~~ Subitem (bb) of
 11 this Item shall apply.

12 (ii) However, if the calendar year statutory valuation interest rate for any life
 13 insurance policies issued in any calendar year determined without reference to this
 14 Subparagraph differs from the corresponding actual rate for similar policies issued in
 15 the immediately preceding calendar year by less than one-half of one percent, the
 16 calendar year statutory valuation interest rate for such life insurance policies shall
 17 then be equal to the corresponding actual rate for the immediately preceding calendar
 18 year. For purposes of applying this Subparagraph, the calendar year statutory
 19 valuation interest rate for life insurance policies issued in a calendar year shall be
 20 determined for 1980, by using the reference interest rate defined for 1979, and shall
 21 be determined for each subsequent calendar year, ~~regardless of when R.S. 22:936(G)~~
 22 ~~becomes effective.~~

23 * * *

24 (c) The weighting factors referred to in the formulae stated ~~above~~ in
 25 Subparagraph (b) of this Paragraph shall be as provided in the following tables:

26 * * *

27 (iii) Weighting factors for other annuities and for guaranteed interest
 28 contracts, except as stated in Item (ii) above, of this Subparagraph, shall be as
 29 specified in ~~tables a., b., and c. below~~, Subitems (aa), (bb), and (cc) of this Item

1 according to the provisions in ~~d., e., and f. below~~: Subitems (dd), (ee), and (ff) of this
2 Item:

3 a. (aa) For annuities and guaranteed interest contracts valued on an issue year
4 basis:

		Weighting Factor		
		for Plan Type		
	<u>Guarantee</u>	<u>A</u>	<u>B</u>	<u>C</u>
	<u>Duration in Years</u>			
8	5 years or less:	.80	.60	.50
9	More than 5 years, but not more			
10	than 10 years:	.75	.60	.50
11	More than 10 years, but not more			
12	than 20 years:	.65	.50	.45
13	More than 20 years:	.45	.35	.35

14	b. <u>(bb)</u>	Plan Type		
15		<u>A</u>	<u>B</u>	<u>C</u>
16	For annuities and guaranteed interest			
17	contracts valued on a change in fund			
18	basis, the factors shown in (a) above			
19	increased by:	.15	.25	.05

20	c. <u>(cc)</u>	Plan Type		
21		<u>A</u>	<u>B</u>	<u>C</u>
22	For annuities and guaranteed interest			
23	contracts valued on an issue year basis,			
24	other than those with no cash settlement			
25	options, which do not guarantee interest on			
26	considerations received more than one year			
27	after issue or purchase and for annuities and			
28	guaranteed interest contracts valued on a			
29	change in fund basis which do not guarantee			

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

interest rates on considerations received more
 than twelve months beyond the valuation date,
 the factors shown in ~~a. Subitem (aa)~~ or derived in ~~b. Subitem (bb)~~

increased by: .05 .05 .05

~~d. (dd)~~ For other annuities with cash settlement options and guaranteed interest contracts with cash settlement options, the guarantee duration is the number of years for which the contract guarantees interest rates in excess of the calendar year statutory valuation interest rate for life insurance policies with guarantee duration in excess of twenty years. For other annuities with no cash settlement options and for guaranteed interest contracts with no cash settlement options, the guarantee duration is the number of years from the date of issue or date of purchase to the date annuity benefits are scheduled to commence.

~~e. (ee)~~ The plan type as used in the above tables is defined as follows:

Plan Type A: At any time the policyholder may withdraw funds only with an adjustment to reflect changes in interest rates or asset values since receipt of the funds by the insurer, or without such adjustment but in installments over five years or more, or as an immediate life annuity, or no withdrawal as permitted.

Plan Type B: Before expiration of the interest rate guarantee, the policyholder may withdraw funds only with an adjustment to reflect changes in interest rates or asset values since receipt of the funds by the insurer, or without such adjustment but in installments over five years or more, or no withdrawal is permitted. At the end of the interest rate guarantee, funds may be withdrawn without such adjustment in a single sum or installments over less than five years.

Plan Type C: The policyholder may withdraw funds before expiration of the interest rate guarantee in a single sum or installments over less than five years either without adjustment to reflect changes in the interest rates or asset values since receipt of the funds by the insurer, or subject only to a fixed surrender charge stipulated in the contract as a percentage of the fund.

f. ~~(ff)~~ An insurer may elect to value guaranteed interest contracts with cash settlement options and annuities with cash settlement options on either an issue year basis or on a change in fund basis. Guaranteed interest contracts with no cash settlement options and other annuities with no cash settlement options shall be valued on an issue year basis. As used in this Paragraph, an issue year basis of valuation refers to a valuation basis under which the interest rate used to determine the minimum valuation standard for the entire duration of the annuity or guaranteed interest contract is the calendar year valuation interest rate for the year of issue or year of purchase of the annuity or guaranteed interest contract, and the change in fund basis of valuation refers to a valuation basis under which the interest rate used to determine the minimum valuation standard applicable to each change in the fund held under the annuity or guaranteed interest contract is the calendar year valuation interest rate for the year of the change in the fund.

(d) The reference interest rate referred to in Subparagraph (b) of this Paragraph shall be defined as follows:

* * *

(iii) For other annuities with cash settlement options and guaranteed interest contracts with cash settlement options, valued on a year of issue basis, except as stated in ~~(b) above~~ Subitem (c)(iii)(bb) of this Paragraph with guarantee duration in excess of ten years, the lesser of the average over a period of twelve months, ending on June thirtieth of the calendar year of issue or purchase, of the Monthly Average of the Composite Yield on Seasoned Bonds, as published by Moody's Investors Service, Inc.

(iv) For other annuities with cash settlement options and guaranteed interest contracts with cash settlement options valued on a year of issue basis, except as stated in Item (ii) above, of this Subparagraph, with guarantee duration of ten years or less, the average over a period of twelve months, ending on June thirtieth of the calendar

1 year of issue or purchase, of the Monthly Average of the Composite Yield on
2 Seasoned Bonds, as published by Moody's Investors Service, Inc.

3 * * *

4 (4)(a) Except as otherwise provided in Paragraphs (5), (6), and (8) of this
5 Subsection, reserves according to the ~~commissioner's reserve valuation method~~
6 Commissioner's Reserve Valuation Method for the life insurance and endowment
7 benefits of policies providing for a uniform amount of insurance and requiring the
8 payment of uniform premiums, shall be the excess, if any, of the present value at the
9 date of valuation of such future guaranteed benefits provided for by such policies,
10 over the then present value of any future modified net premiums therefor. The
11 modified net premiums for any such policy shall be the uniform percentage of the
12 respective contract premiums, excluding extra premiums on substandard policies, for
13 such benefits that, at the date of issue of the policy, the present value of all modified
14 net premiums shall be equal to the sum of the then present value of such benefits
15 provided for by the policy and the excess of Item (i) of this Subparagraph over Item
16 (ii) of this Subparagraph as follows:

17 * * *

18 (b) Any life insurance policy issued on or after January 1, 1986, for which the
19 contract premium in the first policy year exceeds that of the second year and for
20 which no comparable additional benefit is provided in the first year for such excess
21 and which provides an endowment benefit or a cash surrender value, or a combination
22 thereof, in an amount greater than such excess premium, the reserve according to the
23 ~~Commissioner's reserve valuation method~~ Reserve Valuation Method as of any policy
24 anniversary occurring on or before the assumed ending date defined herein as the first
25 policy anniversary on which the sum of any endowment benefit and any cash
26 surrender value then available is greater than such excess premium shall, except as
27 otherwise provided in Paragraph (8); of this Subsection be the greater of the reserve
28 as of such policy anniversary calculated as described in the ~~preceding paragraph~~
29 Subparagraph (a) of this Paragraph and the reserve as of such policy anniversary

1 calculated as described in ~~said Paragraph, that Subparagraph,~~ but with the value
2 defined in that Subparagraph ~~(a) above~~ being reduced by fifteen percent of the amount
3 of such excess first year premium, all present values of benefits and premiums being
4 determined without reference to premiums or benefits provided for by the policy after
5 the assumed ending date, the policy being assumed to mature on such date as an
6 endowment, and the cash surrender value provided on such date being considered as
7 an endowment benefit. In making the above comparison the mortality and interest
8 bases stated in Paragraphs (1) and (3) of this Subsection shall be used.

9 (c) Reserves according to the Commissioner's ~~reserve valuation method~~
10 Reserve Valuation Method for life insurance policies providing for a varying amount
11 of insurance or requiring the payment of varying premiums shall be calculated by a
12 method consistent with the principles of this Paragraph. Reserves for group annuity
13 and pure endowment contracts purchased under a retirement plan or plan of deferred
14 compensation, established or maintained by an employer, including a partnership or
15 sole proprietorship, or by an employee organization, or by both, other than a plan
16 providing individual retirement accounts or individual retirement annuities under
17 Section 408 of the Internal Revenue Code, as now or hereafter amended; disability
18 and accidental death benefits in all policies and contracts; and all other benefits,
19 except life insurance and endowment benefits in life insurance policies and benefits
20 provided by all other annuity and pure endowment contracts, shall be calculated by
21 a method consistent with the benefits granted and approved by the commissioner

22 * * *

23 (6)(a) An insurer's aggregate reserves for all life insurance policies, excluding
24 disability and accidental death benefits, shall in no event be less than the aggregate
25 reserves calculated in accordance with the methods set forth in Paragraphs (4), (5),
26 (8), and (10) of this Subsection and the mortality table or tables, and rate or rates of
27 interest used in calculating nonforfeiture benefits for such policies.

28 * * *

1 (8)

2 * * *

3 (b) Any life insurance policy issued on or after January 1, 1986, for which the
4 gross premium in the first policy year exceeds that of the second year and for which
5 no comparable additional benefit is provided in the first year for such excess and
6 which provides an endowment benefit or a cash surrender value or a combination
7 thereof in an amount greater than such excess premium, the foregoing provisions of
8 this Paragraph (8) of this Subsection shall be applied as if the method actually used
9 in calculating the reserve for such policy were the method described in Paragraph (4);
10 of this Subsection, ignoring ~~the~~ Subparagraph (b) of that Paragraph. ~~(4)~~. The
11 minimum reserve at each policy anniversary of such a policy shall be the greater of
12 the minimum reserve calculated in accordance with Paragraph (4); of this Subsection,
13 including Subparagraph (b) of that Paragraph, and the minimum reserve calculated
14 in accordance with this Paragraph (8): of this Subsection.

15 (9) Nothing in this Subsection ~~B~~ shall apply to any policy issued by any
16 insurer subject to the provisions of Subparts D and E of Part I of this Chapter, ~~2 of~~
17 ~~this Title, R.S. 22:131 et seq. and R.S. 22:141 et seq.,~~ unless such insurer elects to
18 comply with the standard non-forfeiture law.

19 (10) In the case of any plan of life insurance which provides for future
20 premium determination, the amounts of which are to be determined by the insurer
21 based on then estimates of future experience, or in the case of any plan of life
22 insurance or annuity which is of such a nature that the minimum reserves cannot be
23 determined by the methods described in Paragraphs (4), (5), and (8); of this
24 Subsection, the reserves which are held under any such plan shall be appropriate in
25 relation to the benefits and the pattern of premiums for that plan, and shall be
26 computed by a method which is consistent with the principles of this Section as
27 determined by the commissioner.

28 * * *

1 §754. Dividends; payments limited when reserve deficient

2 A. Payments in the form of dividends or otherwise shall not be made to its
3 stockholders by any domestic life insurer, unless its assets exceed, to the amount of
4 such payment, the amount of its paid-up capital stock and all its liabilities, including
5 its reinsurance reserves, computed upon a basis ~~hereinabove~~ provided; in R.S.
6 22:753, and no payments shall be made to the policyholders of any such insurer,
7 except for matured claims, and in the purchase of surrendered policies, unless its
8 assets exceed to the amount of such payments, its liabilities, including its reinsurance
9 reserves, computed as hereinabove provided.

10 B. ~~Provided that,~~ However, in the case of any insurer availing itself of the
11 reduction in the reserves allowed in R.S. 22:751 on funeral or cash policies, no
12 payments shall be made to its stockholders in the form of dividends or otherwise,
13 unless and until the reserve is equal to seventy-five per cent on funeral policies and
14 one hundred per cent on the cash policies and that portion of combination policies
15 providing for cash benefits, of the full reserve as computed in accordance with
16 Subsections A, B, C, and D of R.S. 22:751.

17 * * *

18 §763. Reserve for marine and transportation (inland marine) insurance

19 In the case of policies of marine or inland navigation or transportation
20 insurance the unearned premium reserve, to be charged as a liability shall be fifty ~~per~~
21 ~~cent~~ percent of the amount of the premiums upon risks covering not more than one
22 passage not terminated and shall be upon a pro rata basis for all other policies.

23 * * *

24 §768. Special reserve fund; title insurance

25 A. Each title insurer shall annually apportion to a special reserve fund an
26 amount determined by applying the rate of twenty-five cents for each one thousand
27 dollars of net increase of insurance it has in force ~~as~~ at the end of such year. Such
28 apportionment shall be continued or resumed as needed to maintain the special

1 reserve fund at an amount equal to not less than the guaranty fund deposit required
2 of the insurer.

3 B. The special reserve fund shall be held by the insurer as additional guaranty
4 fund, and shall be used only for the payment of losses after the insurer's liquid
5 resources available for the payment of losses, other than such special reserve fund or
6 the guaranty fund deposit, have been exhausted.

7 C. For the purposes of computing the special reserve fund as provided in this
8 Section, net increases of insurance in force resulting from reinsurance of the risks of
9 another title insurer shall not be included to the extent that a like special reserve fund
10 on such insurance is maintained by the ceding insurer.

11 §769. Increased reserves

12 A. If the commissioner of insurance determines that an insurer's unearned
13 premium reserves, however computed, are inadequate, he may require the insurer to
14 compute such reserves or any part thereof according to such other method or methods
15 as are prescribed in this Subpart.

16 B. If the loss experience of an insurer shows that its loss reserves, however
17 estimated, are inadequate, the commissioner of insurance shall require the insurer to
18 maintain loss reserves in such increased amount as is needed to make them adequate.

19 §770. "Loss payments"; ~~and "loss expense"~~ expense payments defined

20 "Loss payments" and "loss expense payments" as used with reference to
21 liability and worker's compensation insurances shall include all payments to
22 claimants, payments for medical and surgical attendance, legal expenses, salaries and
23 expenses of investigators, adjusters and claims fieldmen, rents, stationery, telegraph
24 and telephone charges, postage, salaries and expenses of office employees, home
25 office expenses, and all other payments made on account of claims, whether such
26 payments are allocated to specific claims or are unallocated.

27 §771. Actuarial certification of loss ~~reserve~~ and loss expense reserves

28 ~~A. Beginning January 1, 1997, the~~ The loss and loss expense reserves shall
29 be accompanied by a statement of the opinion of an associate or fellow of the

1 Casualty Actuarial Society or other qualified loss reserve specialist, setting forth his
2 opinion relative to the reasonableness and sufficiency of loss and loss adjustment
3 expense reserves.

4 ~~B. The commissioner of insurance shall adopt reasonable rules and~~
5 ~~regulations for the implementation and administration of the provisions of this~~
6 ~~requirement, with due consideration of the establishment of a proper phase-in,~~
7 ~~thresholds for certification requirements based on premium volume or product lines~~
8 ~~or both, insurance solvency standards tests as performed by the National Association~~
9 ~~of Insurance Commissioners, and the financial condition of each insurer to which~~
10 ~~these requirements apply. The rules and regulations shall be promulgated by the~~
11 ~~commissioner no later than November 1, 1996.~~

12 §781. Separate accounts and contracts issued in connection therewith

13 * * *

14 C. The amounts allocated to each such account and accumulations thereon
15 may be invested and reinvested in any class of investments which are authorized by
16 Subsections A through and including G of R.S. 22:584, except that the quantitative
17 limitations contained in such Subsections A through G of R.S. 22:584 shall not apply
18 to investments of amounts allocated to each such separate account; provided however,
19 notwithstanding any of the restrictions or limitations contained in said Subsections A
20 through G of R.S. 22:584 all of such amounts allocated to a separate account and
21 accumulations thereon may be invested in the shares of an open-end investment
22 company or companies registered under the Federal Investment Company Act of
23 1940; provided further, that to the extent that the company's reserve liability with
24 regard to (1) benefits guaranteed as to dollar amount and duration and (2) funds
25 guaranteed as to principal amount or stated rate of interest is maintained in any such
26 separate account, a portion of the assets of such separate account at least equal to such
27 reserve liability shall be invested in accordance with the quantitative and qualitative
28 requirements of Subpart B of Part III of this Chapter, 2 of this Title R.S. 22:581 et
29 seq., governing the investments of life insurance companies. The investments in such

1 separate account or accounts shall not be taken into account in applying the
2 investment limitations applicable to other investments of the company.

3 * * *

4 I. No domestic life insurance company, and no other life insurance company
5 admitted to transact business in this state, shall be authorized to deliver within this
6 state any contract providing benefits in variable amounts until said company has
7 satisfied the commissioner that its condition or methods of operation in connection
8 with the issuance of such contracts will not render its operation hazardous to the
9 public or its policyholders in this state. In determining the qualifications of a
10 company requesting authority to deliver such contracts within this state, the
11 commissioner shall consider, among other things:

12 * * *

13 (3)(a) In the case of a company other than a domestic company, whether the
14 statutes and regulations of the jurisdiction of its incorporation provide a degree of
15 protection to policyholders and the public which is substantially equal to that provided
16 by this section and the rules and regulations issued thereunder.

17 (b) An authorized life insurance company, whether domestic, foreign, or
18 alien, which issues contracts providing benefits in variable amounts and which is a
19 subsidiary of, ~~(or affiliated through common management or ownership with),~~ another
20 life insurance company authorized to do business in this state may be deemed to have
21 met the provisions of this subsection if either it or the parent or affiliated company
22 meets the requirements hereof.

23 J. The insurance commissioner shall have the sole and exclusive authority to
24 regulate the issuance and sale of such contracts and to issue such reasonable rules and
25 regulations as may be necessary to carry out the purposes and provisions of R.S.
26 22:781 and 914; and such contracts, the companies which issue them and the agents
27 or other persons who sell them shall not be subject to the provisions of Part X of Title

51 of the Louisiana Revised Statutes of 1950 nor to the jurisdiction of the ~~Louisiana~~
commissioner of ~~securities~~; financial institutions.

* * *

§791. Exemption from franchise or capital stock tax

No insurer paying the ~~license~~ taxes levied under this Part shall be liable for
any franchise or capital stock tax.

§792. Annual reports

Each insurer issuing such contracts, shall, on or before the first day of March
of each year, render to the commissioner of insurance, a report signed by an officer
of the insurer, or if an alien insurer, by its United States resident manager, or other
officer in charge of its affairs in the United States, which shall certify to the amount
of gross annual premiums on risks located in this state for the preceding year. The
report shall also contain a statement of the portion of the total gross annual premiums
reported which arose on risks actually located within the boundaries of any parish,
city, town, or village in the state, which levies a ~~license~~ tax under the provisions of
this Part. No credit shall be taken for reinsurance. The blanks for making such report
shall be furnished by the commissioner of insurance.

§793. Investigation and enforcement by ~~Commissioner~~ commissioner of ~~Insurance~~
insurance

The commissioner of insurance shall have authority to review and examine
any sworn statements or accounts that may be rendered or furnished in pursuance of
the provisions of this Part; and he shall have authority to demand and examine the
books, statements, or accounts of any insurer from whom a ~~license~~ tax may be due
and to take such proceedings before any court of competent jurisdiction by rule or
otherwise, against any insurer from whom a ~~license~~ tax may be due as may be
necessary to enforce a full and fair compliance with the provisions of this Part.

§794. Cost of collection and supervision

The commissioner of insurance is authorized to withhold from the funds
collected under this Part, ~~the~~ a sum of not to exceed ninety thousand dollars per

1 annum to defray the expense of collecting taxes imposed by, and of enforcing this
2 Part, and for the operation of the insurance department.

3 §795. Disposition of collections

4 A. Except as provided in R.S. 22:794 and R.S. 22:821, the commissioner of
5 insurance shall keep complete books and records to show the amount of ~~license~~ taxes
6 collected by him, and shall deposit all collections made by him under this Part ~~in one~~
7 ~~of the fiscal agency banks having custody of other state funds, under a separate~~
8 ~~account to be kept under the title of "Insurance License Taxes."~~ into the state treasury.

9 B. Except as provided in R.S. 22:794 and R.S. 22:821, all ~~license~~ taxes
10 imposed by this Part, when collected by the commissioner of insurance as herein
11 provided, shall be paid by him into the state treasury not later than ten days after the
12 end of the calendar month in which the collections are made. The annual collections
13 not in excess of one million dollars shall be used exclusively for the maintenance,
14 support, and improvement of Louisiana State University and Agricultural and
15 Mechanical College; but if the collections in any one year exceed one million dollars,
16 the excess shall be paid into the state general fund.

17 §796. Collection of delinquent taxes and fees; additional amounts to be collected

18 The commissioner is authorized to collect any delinquent taxes and fees under
19 this ~~Part, Chapter,~~ or to represent the department in any proceeding under this ~~Part.~~
20 Chapter. If any delinquent taxes or fees due under this ~~Part~~ Chapter require institution
21 of legal proceedings to collect such tax or fee, a penalty in an amount not to exceed
22 twenty percent of the delinquent fee or tax shall be paid by the delinquent person to
23 cover the cost of investigation, administration, and collection. At the sole discretion
24 of the commissioner of insurance, the commissioner may refer the collection of
25 delinquent taxes and fees to the attorney general for collection by the staff of the
26 attorney general. If the collection is referred to the attorney general for collection by
27 the staff of the attorney general, the additional penalty provided for in this Section is

1 to be divided equally between the Department of Insurance and the Department of
2 Justice.

3 * * *

4 §802. Condition of deposit

5 The ~~above~~ deposit required by R.S. 22:801 shall be conditioned only for, and
6 dedicated exclusively to, the prompt payment of all claims arising and accruing to any
7 person by virtue of any policy issued by any such insurer upon the life or person of
8 any citizen of the state of Louisiana, or upon any property or other risk situated in this
9 state. Under no circumstances shall such deposit be used for the payment of any fee
10 whatsoever to any attorney, agent, or other person appointed for any services rendered
11 in connection with any ancillary conservation, ancillary receivership, or any other
12 supervisory proceeding or mode involving the company making such deposit.

13 * * *

14 §809. Registered policies; deposit

15 A. Any ~~domestic~~ life insurer ~~and any foreign or alien life insurer~~ doing
16 business in this state, may annually deposit with the commissioner of insurance for
17 the common benefit of its life, annuity, and endowment policies or any separate class
18 or special kind thereof, securities including evidence of ownership of real estate of the
19 kinds in which, by the laws of this state, it is permitted to invest or loan its funds,
20 equal to the legal reserve on all such outstanding policies in force, including also all
21 funds held in trust for deferred or installment payments, as shown by its last annual
22 statement to the commissioner of insurance, as required by law, which securities shall
23 be held by the commissioner of insurance in trust for the purposes and objects herein
24 specified. For the ~~purpose~~ purposes of this Section, the securities ~~hereinabove~~
25 referred to in this Subsection shall include trust receipts or certificates of deposit,
26 with right to substitution, issued by any depository bank in this state or any savings
27 and loan association chartered to do business in this state which has been selected by
28 the insurer with the approval of the commissioner of insurance, as trustee of the kinds
29 of securities in which the insurer may invest in accordance with R.S. 22:581 through

* * *

(1)	Fee to accompany application for initial certificate of authority, insurer, and rating organization	\$2,500.00
(2)	An annual financial regulation fee from every health maintenance organization and domestic and foreign company for examination and analysis of its financial condition	\$ 1,000.00
(3)	For producers' licenses:	
(a)	Life, health, and accident producer; variable annuity producer	
	First time applicant	\$ 75.00
	Additional or renewal company appointment (yearly)	\$ 20.00
	Producer renewal fee (every 2 two years)	\$ 50.00

1	(b)	Property and casualty producer:		
2		First time applicant	\$	75.00
3		Additional or renewal company		
4		appointment (yearly)	\$	20.00
5		Producer renewal fee		
6		(every 2 <u>two</u> years)	\$	50.00
7	(c)	Limited lines producer		
8		First time applicant	\$	75.00
9		Each additional line of authority	\$	35.00
10		Additional or renewal company		
11		appointment (yearly)	\$	20.00
12		Renewal fee (every 2 <u>two</u> years)	\$	50.00
13	(d)	Limited lines credit insurance producer		
14		First time applicant	\$	75.00
15		Additional or renewal company		
16		appointment (yearly)	\$	20.00
17		Renewal fee (every 2 <u>two</u> years)	\$	50.00
18	(e)	Surplus lines broker		
19		First time applicant	\$	250.00
20		Renewal fee (yearly)	\$	175.00
21	(f)	Fee for failure to file producer		
22		license renewal timely (per license)	\$	50.00
23	(g)	Fee for duplicate producer license	\$	15.00
24	(4)	For certified copies of any documents, per page	\$.25
25	(6)	For Securities Fees <u>securities fees</u>		
26		Registration of Securities-Minimum	\$	25.00
27		<u>Registration of securities-minimum</u>	<u>\$</u>	<u>25.00</u>
28		Registration of Securities-Maximum	\$	200.00
29		<u>Registration of securities-maximum</u>	<u>\$</u>	<u>200.00</u>

1	(1/20 of 1% <u>one percent</u> of the aggregate price)	
2	Registration of Dealer <u>dealer</u>	\$ 50.00
3	Registration of Salesman <u>salesman</u>	\$ 10.00
4	(8) For filing a charter, other documents, and	
5	amendments thereto	\$ 25.00
6	(9) For each company filing of	
7	self-insured health and accident	
8	insurance policy forms, per product	\$ 100.00
9	(10) (a) For each company filing of property	
10	and casualty insurance policy forms,	
11	per product	\$ 100.00
12	(b) For each company filing to adopt a	
13	reference or item filing of advisory	
14	organization's form reference filing	
15	(not applicable to service purchasers,	
16	who must file the actual forms as	
17	shown above)	\$ 20.00
18	(c) For each company filing of property	
19	and casualty insurance policy	
20	endorsements, amendments, or riders	\$ 25.00
21	(11) (a) For each company filing of life,	
22	health, and accident insurance policy	
23	forms or health maintenance	
24	organization subscriber agreements,	
25	per product	\$ 100.00
26	(b) For each company filing of Medicare	
27	supplement insurance premium rates,	
28	rating schedule, and supporting	
29	documentation, per type of standard	

1	benefit plan	\$ 100.00
2	(c) For each company filing of Medicare	
3	supplement insurance advertisements,	
4	per submission	\$ 100.00
5	(12) For certification of a self-insured worker's	
6	compensation insurance program, an	
7	initial certification fee	\$ 1,500.00
8	(13) For review of a self-insured worker's	
9	compensation insurance program, an	
10	annual review fee	\$ 300.00
11	(14) Managing general agents	
12	(a) Initial registration	\$ 300.00
13	(b) Annual registration	\$ 300.00
14	(c) Insurer's initial notice of appointment	\$ 300.00
15	(d) Insurer's annual notice of appointment	\$ 300.00
16	(15) Third party administrators	
17	(a) Licensing fee	\$ 500.00
18	(b) Annual report filing fee	\$ 300.00
19	(16) Fee to accompany the statement required	
20	in an acquisition of control or merger	
21	with a domestic insurer	\$ 2,500.00
22	(17) Approval of foreign or alien surplus	
23	lines insurers	\$ 1,050.00
24	(18) (a) Registration of a risk purchasing group	\$ 100.00
25	(b) Annual renewal of registration for a	
26	risk purchasing group	\$ 50.00
27	(19) For viatical settlement licenses:	
28	(a) Viatical settlement broker:	
29	First time applicant	\$ 50.00

1	Annual renewal	\$ 50.00
2	(b) Viatical settlement investment agent:	
3	First time applicant	\$ 50.00
4	Annual renewal	\$ 50.00
5	(c) Viatical settlement provider	
6	First time applicant	\$ 1,000.00
7	(20) For filing viatical settlement contracts,	
8	disclosure notices, and advertising	
9	materials, per filing:	\$ 100.00
10	(21) For the initial registration of a risk retention group	\$ 1,000.00
11	(22) For acceptance of service of process when	
12	the commissioner is appointed as agent	
13	for a nonresident licensee or a foreign or	
14	alien entity	\$ 25.00
15	(23) For claims adjuster licenses and registrations:	
16	(a) Business entity	
17	First time applicant	\$ 55.00
18	Renewal fee (every two years)	\$ 50.00
19	(b) Resident and nonresident	
20	First time applicant	\$ 55.00
21	Renewal fee (every two years)	\$ 50.00
22	(c) Catastrophe and emergency	
23	claims adjuster	\$ 25.00
24	(24) For public adjuster licenses:	
25	(a) Business entity	
26	First time applicant	\$ 55.00
27	Renewal fee (every two years)	\$ 50.00
28	(b) Resident and nonresident	
29	First time applicant	\$ 55.00

29 * * *

1 §831. Fire, marine, transportation, casualty, surety, or other insurance

2 A.(1) Upon the business of issuing policies, contracts, or other forms of
3 obligations covering the risk of fire, marine, transportation, surety, fidelity,
4 indemnity, guaranty, workers' compensation, employers' liability, property damages,
5 livestock, vehicle, automatic sprinkler, burglary, or insurance of any other kind
6 whatsoever in this state not otherwise provided for in this Part, the minimum annual
7 ~~license~~ tax shall be one hundred eighty-five dollars when the gross annual premiums
8 shall be six thousand dollars or less; and when the gross annual premiums shall be
9 more than six thousand dollars, the amount of ~~license~~ tax payable shall be increased
10 to three hundred dollars for each additional ten thousand dollars, or fraction thereof,
11 of gross annual premiums. The business of issuing each of the kinds of insurance or
12 contracts mentioned in this Section may be combined under one ~~license~~ tax, and the
13 amount of the ~~license~~ tax shall be based on the combined gross annual premiums of
14 all such businesses.

15 (2)(a) ~~After June 30, 2002, this~~ This tax shall be paid on a quarterly basis;
16 basis. ~~however, the first payment shall include the amount which would have been~~
17 ~~paid in previous quarters of 2002 had the increase provided by Acts 2002, No. 83,~~
18 ~~been in effect as of January 1, 2002.~~

19 (b) ~~There is hereby created in the state treasury the Risk Management~~
20 ~~Insurance Premium Payment Fund. The treasurer shall deposit into the Risk~~
21 ~~Management Insurance Premium Payment Fund, five million seven hundred fifty~~
22 ~~thousand dollars from taxes collected under the provisions of this Section in Fiscal~~
23 ~~Year 2001-2002 that are in excess of actual collections under the provisions of this~~
24 ~~Section in Fiscal Year 2000-2001, after first having credited such tax collections to~~
25 ~~the Bond Security and Redemption Fund as required by Article VII, Section 9(B) of~~
26 ~~the Louisiana Constitution. Monies in the Risk Management Insurance Premium~~
27 ~~Payment Fund shall be used solely for the purpose of paying premiums to the Office~~
28 ~~of Risk Management as determined by the legislature through appropriation.~~

1 ~~(c)(i) There is hereby created in the state treasury the Excess Revenue~~
2 ~~Collection Fund. The treasurer shall deposit into the Excess Revenue Collection Fund~~
3 ~~any taxes collected under the provisions of this Section in Fiscal Year 2001-2002, in~~
4 ~~excess of actual collections under the provisions of this Section in Fiscal Year~~
5 ~~2000-2001, after first having been credited to the Bond Security and Redemption~~
6 ~~Fund as required by Article VII, Section 9(B) of the Louisiana Constitution, amounts~~
7 ~~as provided in Items (ii) and (iii) of this Subparagraph. Monies in the Excess~~
8 ~~Revenue Collection Fund shall be used in amounts appropriated by the legislature~~
9 ~~solely for the purpose of meeting any increase in employer contributions required~~
10 ~~over and above the statutory minimum set forth in R.S. 11:103(C)(2)(b)(i) for the~~
11 ~~fiscal year beginning July 1, 2002, for employer contributions of the Firefighters'~~
12 ~~Retirement System notwithstanding the rate as established by the Public Retirement~~
13 ~~Systems Actuarial Committee for Fiscal Year 2002-2003. These funds shall be~~
14 ~~applied on a monthly basis until such appropriation is exhausted, after which direct~~
15 ~~employer contributions shall be made at the rate set by the Public Retirement Systems~~
16 ~~Actuarial Committee.~~

17 ~~(ii) Four million five hundred thousand dollars shall be deposited in the~~
18 ~~Excess Revenue Collection Fund after satisfying the requirements of Subparagraph~~
19 ~~(b) of this Paragraph.~~

20 ~~(iii) An amount not to exceed four million five hundred thirty-six thousand~~
21 ~~dollars shall be deposited in the Excess Revenue Collection Fund after satisfying the~~
22 ~~requirements of Item (ii) of this Subparagraph; provided that this allocation shall only~~
23 ~~be made if actual collections from taxes, licenses, and fees from all sources~~
24 ~~comprising the Official Forecast for Fiscal Year 2001-2002 exceed the Official~~
25 ~~Forecast for Fiscal Year 2001-2002 adopted by the Revenue Estimating Conference~~
26 ~~on April 30, 2002, and only if actual collections exceed the forecast by the amount~~
27 ~~deposited as required by this Item.~~

28 ~~(d) B. There is hereby created in the state treasury the Louisiana State Police~~
29 ~~Salary Fund. Monies in the Louisiana State Police Salary Fund shall be used in~~

1 amounts appropriated by the legislature to cover the cost of salary increases and
2 related benefits for members of the state police service. Taxes collected under the
3 provisions of this Section in Fiscal Year 2002-2003 and ensuing fiscal years that are
4 in excess of total collections under the provisions of this Section in Fiscal Year 2000-
5 2001, after first having been credited to the Bond Security and Redemption Fund as
6 required by Article VII, Section 9(B) of the Louisiana Constitution, shall be deposited
7 into the Louisiana State Police Salary Fund until the amount deposited in each fiscal
8 year is equal to fifteen million six hundred thousand dollars.

9 ~~(c) The provisions of Subparagraphs (b) and (c) of this Paragraph shall be~~
10 ~~null, void, and of no effect after July 1, 2003.~~

11 ~~B. For the year 1984 the amount of the license tax payable pursuant to this~~
12 ~~Section shall be based on the rate in effect at the time the premiums were collected;~~
13 ~~that is, for 1984 the minimum annual license tax shall be one hundred eighty dollars~~
14 ~~when the gross annual premiums are six thousand dollars or less; when the gross~~
15 ~~annual premiums are more than six thousand dollars, the amount of license tax~~
16 ~~payable shall be increased to one hundred eighty-five dollars for each additional ten~~
17 ~~thousand dollars, or fraction thereof, of gross premiums collected before July 1, 1984~~
18 ~~and shall be increased to three hundred dollars for each additional ten thousand~~
19 ~~dollars, or fraction thereof, of gross premiums collected on or after July 1, 1984.~~

20 §832. Reduction of tax when certain investments are made in Louisiana

21 A. The amount of the license tax payable shall be reduced from the amount
22 otherwise fixed in this Part if the payer files a sworn statement with the annual report
23 required by this Part showing as of December thirty-first of the reporting period that
24 at least the following amounts of the total admitted assets of the payer, less assets in
25 an amount equal to the reserves on its policies issued in foreign countries in which it
26 is authorized to do business and which countries require an investment therein as a
27 condition of doing business, are invested and maintained in qualifying Louisiana
28 investments as hereinafter defined in Subsection C of this Section.

1 B. If one-sixth of the total admitted assets of the payer are in qualifying
2 Louisiana investments, then the ~~license~~ tax payable shall be thirty-three and one-third
3 percent of the amount otherwise fixed in this Part; if at least one-fifth of the total
4 admitted assets of the payer are in qualifying Louisiana investments, then the ~~license~~
5 tax payable shall be twenty-five percent of the amount otherwise fixed in this Part;
6 if at least one-fourth of the total admitted assets of the payer are in qualifying
7 Louisiana investments, the ~~license~~ tax payable shall be fifteen percent of the amount
8 otherwise fixed in this Part; and if at least one-third of the total admitted assets of the
9 payer are in qualifying Louisiana investments, then the ~~license~~ tax payable shall be
10 five percent of the amount otherwise fixed in this Part.

11 * * *

12 §833. Authorization of local ~~license~~ taxes; penalties for nonpayment

13 A. Any municipal or parochial corporation in the state shall have the right to
14 impose a ~~license~~ tax on any insurer engaged in the business of issuing any form of
15 insurance policy or contract, which may now or hereafter be subject to the payment
16 of any ~~license~~ tax for state purposes, as provided in this Part, as follows:

17 (1) On any insurer engaged in the business of issuing life or accident or health
18 insurance policies, other than programs of benefits authorized or provided pursuant
19 to the provisions of Parts I and II of Chapter 12 of Title 42 of the Louisiana Revised
20 Statutes of 1950, or other forms of contracts or obligations covering such risks, or
21 issuing endowment or annuity policies, or contracts, or other similar forms of contract
22 obligations in consideration of the payment of a premium or other consideration for
23 the issuance of such policies, contracts, or obligations, whether such insurer is
24 operating in this state through an agent or other representative or otherwise, not more
25 than ten dollars on gross annual premiums up to two thousand dollars, and the
26 additional ~~license~~ tax thereafter shall not be more than seventy dollars on each ten
27 thousand dollars, or fraction thereof, of gross annual premiums in excess of two
28 thousand dollars. ~~Provided that~~ However, the maximum ~~license~~ tax on such

1 businesses, payable to such municipal or parochial corporation by any one insurer,
2 shall not exceed twenty-one thousand dollars.

3 (2) On any insurer, engaged in the business of issuing policies, contracts, or
4 other forms of obligations covering the risk of fire, marine, transportation, surety,
5 fidelity, indemnity, guaranty, worker's compensation, employers' liability, property
6 damage, ~~live stock~~, livestock, vehicle, automatic sprinkler, burglary, or insurance
7 business of any other kind whatsoever in this state, whether such insurer is operating
8 in this state through ~~agents~~ producers or other representatives or otherwise, not more
9 than the following:

10 (a) 1st Class: When the gross receipts are not more than two thousand
11 dollars, the ~~license~~ tax shall not exceed forty dollars;

12 (b) 2nd Class: When the gross receipts are more than two thousand dollars,
13 and not more than four thousand dollars, the ~~license~~ tax shall not exceed sixty dollars;

14 (c) 3rd Class: When the gross receipts are more than four thousand dollars,
15 and not more than six thousand dollars, the ~~license~~ tax shall not exceed eighty dollars;

16 (d) 4th Class: When the gross receipts exceed six thousand dollars, the
17 additional ~~license~~ tax thereafter shall not be more than seventy dollars for each ten
18 thousand dollars, or fraction thereof, in excess of six thousand dollars.

19 B. The maximum ~~license~~ tax on such businesses, payable to such municipality
20 or parochial corporation by any insurer, shall not exceed nine thousand dollars.
21 Provided, that:

22 (1) Plate glass and steam boiler inspection insurers shall pay only one-third
23 of the above rates provided in Paragraph (A)(2) of this ~~Subsection~~. Section.

24 (2) The amount of ~~license~~ tax payable to any municipal or parochial
25 corporation as fixed in this Section shall be one-third of the amount so fixed if the
26 payer shall file a sworn statement with the annual report required by this Part,
27 showing that at least one-sixth of the total admitted assets of the payer, are invested
28 and maintained in qualifying Louisiana investments as defined in R.S. 22:832(C).

1 (3) The total ~~license~~ tax payable by an insurer to a parish shall be calculated
2 on the total direct premiums written by such insurer for risks located within
3 unincorporated areas of such parish. The total ~~license~~ tax payable by an insurer to a
4 municipality shall be calculated on the total direct premiums written by such insurer
5 for risks located within such municipality. Such premiums shall not be subject to
6 taxation by both the parish and the municipality. Such premiums shall not be subject
7 to taxation by more than one parish or municipality.

8 C.(1) In case of any failure to make a report or to make payment of ~~license~~
9 tax as required by this Section, before June first of any year in which it is due, a
10 penalty of five percent per month shall be added to the amount of tax due and payable
11 to the municipal or parochial corporation along with the tax due. The municipal or
12 parochial corporation may waive the payment of the penalty if it finds that failure to
13 pay was due to some unforeseen or unavoidable reason, other than mere neglect.

14 * * *

15 §834. Local ~~license~~ taxes; contracts for collection; confidentiality of records

16 * * *

17 B.(1) In accordance with the duty as collector, LaMATS shall have access to
18 any information regarding local ~~license~~ taxes deemed necessary by the commissioner
19 of insurance or the Department of Insurance if such access is necessary or proper for
20 the enforcement of the laws of this state or of a political subdivision of this state.

21 (2) Except as otherwise provided by law, the records and files of LaMATS,
22 as the contractually authorized collector of local ~~license~~ taxes, which are maintained
23 pursuant to the local tax ordinances are confidential and privileged, and no person
24 shall divulge or disclose any information obtained from such records and files except
25 in the administration and enforcement of the tax laws of this state or of a political
26 subdivision of this state.

27 * * *

1 §835. Fire marshal tax; Louisiana Fire Marshal Fund

2 A. There is hereby levied an additional tax of one and one-fourth percent of
3 the gross annual premium receipts from any business which insures property of any
4 nature or description against loss or damage by fire, less return premiums on all
5 insurers doing business in the state which insure property of any nature or description
6 against loss or damage by fire. This tax shall be paid by all such insurers to the
7 commissioner of insurance when paying their annual ~~license~~ taxes under this Part, and
8 the commissioner of insurance shall refuse to issue a license to any insurer failing or
9 refusing to pay this additional tax.

10 * * *

11 C. After compliance with the requirements of Article VII, Section 9(B) of the
12 Constitution of Louisiana, relative to the Bond Security and Redemption Fund, and
13 prior to monies being placed in the state general fund, an amount equal to that
14 deposited as required by Subsection B ~~hereof~~ of this Section shall be credited to a
15 special fund hereby created in the state treasury to be known as the "Louisiana Fire
16 Marshal Fund". The monies in this fund shall be used solely as provided by
17 Subsection D of this Section and only in the amounts appropriated by the legislature.
18 All unexpended and unencumbered monies in the fund at the end of the fiscal year
19 shall revert to the state general fund. The monies in the fund shall be invested by the
20 treasurer in the same manner as monies in the state general fund, and interest earned
21 on the investment of these monies shall be credited to the state general fund, again,
22 following compliance with the requirement of Article VII, Section 9(B) relative to the
23 Bond Security and Redemption Fund.

24 * * *

25 §838. Imposition of tax; exceptions

26 A. There is hereby levied an annual ~~license tax for the year 1982, and for each~~
27 ~~subsequent year~~, on each ~~domestic, foreign, and alien~~ admitted insurer engaged in the
28 business of issuing insurance policies, contracts, or obligations; issuing endowment
29 policies; or similar forms of contract obligations in consideration of the payment of

1 a premium or other consideration for the issuance of such policies, contracts, or
2 obligations, whether such insurer be operating in this state through an agent, other
3 representative, or otherwise. Such ~~license tax~~ shall be fixed and graded according to
4 the rates and classifications set forth in this Part and shall be based on the gross
5 amount of annual premiums on all risks, except annuity contracts, located in this state
6 and, in the case of insurance and endowment policies, contracts, or obligations, upon
7 the gross amount of annual premiums on such policies issued to persons located in
8 Louisiana, without deduction for dividends paid or credited to policyholders.

9 B. The life insurance programs administered by the Office of Group Benefits
10 as authorized and provided for pursuant to the provisions of Part II of Chapter 12 of
11 Title 42 of the Louisiana Revised Statutes of 1950, R.S. 42:821 et seq., shall be
12 exempt and excepted from the payment of the annual ~~license~~ tax levied by the
13 provisions of this Section.

14 §839. Certain ~~non-profit~~ nonprofit mutual associations declared charitable
15 institutions

16 Any domestic ~~non-profit~~ nonprofit mutual association, the net earnings of
17 which do not inure to the benefit of any individual, which is engaged exclusively in
18 the business of furnishing hospital service, medical, or surgical benefits, so that such
19 services or benefits are furnished to those of the public who become subscribers of
20 the plan, and at least a majority of whose directors or managing officers are
21 administrators, trustees, or members of the clinical staffs or advisory boards of ~~non-~~
22 ~~profit~~ nonprofit hospitals having contracts with the association, or are licensed doctors
23 of medicine who are members of their parish medical society and of the Louisiana
24 State Medical Society is declared to be a charitable and beneficial institution. As
25 such, its receipts, surplus, and reserves are exempt from all forms of taxation by the
26 state or any of its political ~~sub-divisions~~, subdivisions, taxes on the real estate and the
27 office equipment owned by the association, and the ~~license fee~~ provided for in R.S.
28 22:840. This exemption from taxation applies to any form of taxation, licenses, fees,

1 or assessments which has heretofore or which may hereafter become due the state or
2 any of its political subdivisions.

3 §840. ~~License fee~~, Fee; filing of charter and ~~by-laws~~ bylaws and annual affidavit;
4 certificate

5 Any association of the type described in R.S. 22:839 which desires to take
6 advantage of the tax exemption granted therein shall pay an annual ~~license~~ fee of two
7 hundred ~~and~~ fifty dollars to the commissioner of insurance and shall furnish him with
8 a certified copy of its charter and ~~by-laws~~ bylaws and, annually, on or before the first
9 day of March, an affidavit signed by its president and secretary, showing the names
10 and addresses of all of its directors or managing officers and the ~~non-profit~~ nonprofit
11 hospitals or medical societies which a majority of the directors represent. Upon
12 payment of the ~~license~~ fee by the association and approval of the affidavit by the
13 commissioner of insurance, the latter official shall furnish the association with a
14 certificate under seal of his office, certifying that the association is exempt from all
15 taxes, ~~licenses~~, fees, or assessments due to the state or to any of its political
16 subdivisions, except the payment of the annual ~~license~~ fee of two hundred ~~and~~ fifty
17 dollars.

18 * * *

19 §842. Life, accident, health, or service insurance

20 ~~A.~~ Upon the business of issuing life, accident, health, or service insurance
21 policies, or other forms of contracts or obligations covering such risks, or issuing
22 endowment policies on contracts, or other similar forms of contract obligations, the
23 minimum annual ~~license~~ tax shall be one hundred forty dollars when the gross annual
24 premiums are seven thousand dollars or less. When the gross annual premiums are
25 more than seven thousand dollars, the amount of ~~license~~ tax payable shall be
26 increased to two hundred twenty-five dollars for each additional ten thousand dollars,
27 or fraction thereof, of gross annual premiums. The business of issuing each of the
28 kinds of insurance or contracts mentioned in this Section may be combined under one

license tax, and the amount of the license tax shall be based on the combined gross annual premiums of all such businesses.

~~B. For the year 1984 the amount of license tax payable pursuant to this Section shall be based on the rate in effect at the time the premiums were collected; that is, for 1984 the minimum annual license tax shall be one hundred forty dollars when the gross annual premiums are seven thousand dollars or less; when the gross annual premiums are more than seven thousand dollars, the amount of the license tax payable shall be increased to one hundred seventy dollars for each additional ten thousand dollars, or fraction thereof, of gross premiums collected prior to July 1, 1984 and shall be increased to two hundred twenty-five dollars for each additional ten thousand dollars, or fraction thereof, of gross premiums collected on or after July 1, 1984.~~

* * *

§844. Tax for insurer commencing business after first of January; tax for insurer withdrawing

A. Any insurer commencing business after the first of January of any year shall pay the minimum license tax as provided in the preceding ~~sections~~ Sections of this Part for the privilege of doing business until its annual statement for that year is filed. In the event it collected premiums taxable under the provisions of this Part during the preceding calendar year, the tax shall be based upon such premiums, but shall never be less than the minimum.

B. On or before March ~~1st~~ first of the following year, the tax for the preceding year shall be computed as provided in this Part, except that upon the filing of the annual statement for the year in which it commenced business a new insurer shall be permitted to take credit for the minimum tax paid by it under Subsection A of this Section if the tax is in excess of the minimum. In no event, however, shall the tax be less than the minimum.

C. In the event of withdrawal of a foreign or alien insurer, as provided in R.S. 22:341, at year end, the license tax for the preceding year shall be due and payable

1 within sixty days. In the event of withdrawal of a foreign or alien insurer at other than
2 year end, the ~~license~~ tax based on premiums collected for that portion of the year in
3 which it transacted business up to the date of withdrawal shall be due and payable
4 within sixty days, but in no event shall the tax for the withdrawing insurer be less than
5 the minimum ~~license~~ tax as provided in this Part.

6 §845. Payment of tax

7 A. The ~~license~~ taxes levied under the provisions of this Part shall be paid to
8 the commissioner of insurance at Baton Rouge and shall be remitted on a quarterly
9 basis. The amount of the ~~license~~ taxes due on or before the fifteenth day of the month
10 following the end of the quarter shall be equal to one-fourth of the total previous
11 year's tax. At the end of the calendar year, the fourth quarter's report shall be adjusted
12 to compensate for overpayments or underpayments of the tax based on that current
13 year's gross receipts of taxable premiums and shall be due on or before March first
14 of the following year and each year thereafter. Nothing herein contained shall be
15 construed as relieving any insurer from paying to the commissioner of insurance the
16 fees otherwise required or levied by law for qualifying to do business, or for the
17 renewal thereof annually, or for agents' certificates of authority required by law. The
18 legislative auditor may review any report submitted by an insurer for the payment of
19 ~~license~~ taxes levied under the provisions of this Part.

20 ~~B. Notwithstanding the provisions of Subsection A of this Section, for the~~
21 ~~period July 1, 1984 through December 31, 1984 and the payment due on or before~~
22 ~~October 15, 1984, the amount of the license taxes due at the end of each quarter shall~~
23 ~~be equal to one-fourth of the total previous year's tax plus an amount equal to~~
24 ~~one-fourth of the additional amount which would have been due had the premiums~~
25 ~~collected during calendar year 1983 been taxed at the rates as provided in R.S. 22:842~~
26 ~~and 831 as amended in 1984. Notwithstanding the provisions of Subsection A of this~~
27 ~~Section, for the period January 1, 1985 through December 31, 1985 and commencing~~
28 ~~with the payment due on or before April 15, 1985, the amount of license taxes due at~~
29 ~~the end of each quarter shall be equal to one-fourth of the amount which would have~~

1 ~~been payable for the previous year had the provisions of R.S. 22:842 and 831 as~~
2 ~~amended in 1984 been effective for the entirety of 1984. At the end of the 1984~~
3 ~~calendar year, the report for the fourth quarter shall be adjusted to compensate for~~
4 ~~overpayments or underpayments of the tax based on the gross receipts of taxable~~
5 ~~premiums for 1984 and based upon rates as provided in R.S. 22:842(B) and R.S.~~
6 ~~22:831(B).~~

7 §846. Penalty on delinquent tax; revocation of authority to do business after thirty
8 days' delinquency

9 A. In case of any failure to make a report or to make payment of ~~license~~ tax
10 as required by this Chapter, a penalty of five percent if one to thirty days late, of ten
11 percent if thirty-one to sixty days late, of fifteen percent if sixty-one to ninety days
12 late, of twenty percent if ninety-one to one hundred twenty days late, or of twenty-five
13 percent if more than one hundred twenty days late, shall be added to the amount of
14 tax due and payable to the commissioner of insurance along with the tax due, unless
15 evidence to his satisfaction is submitted to the commissioner to show that the failure
16 was due to some unforeseen or unavoidable reason, other than mere neglect.

17 B. If the delinquency is for more than thirty days after the due date of the
18 report or after the due date for payment of ~~license~~ taxes hereunder, neglect will be
19 presumed and the penalty shall be added without any discretion on the part of the
20 commissioner of insurance. After the lapse of thirty days, until the report is filed and
21 the delinquent ~~license~~ tax paid, the commissioner of insurance shall revoke the
22 authority of the delinquent taxpayer, and of all of said taxpayer's ~~agents~~ producers to
23 do business in this state.

24 * * *

25 §971.1. Regulation of health insurers

26 A. In addition to any other authority granted by this Title, the Department of
27 Insurance is hereby authorized to regulate the coordination of medical, surgical, and
28 hospital benefits of a self-insurance plan with such benefits of any other insurance
29 plan. For purposes of this Subsection, a self-insurance plan shall be defined as any

1 plan by a person, partnership, corporation or other organization, or the state of
2 Louisiana, other than a domestic or foreign insurance company which has qualified
3 with the Department of Insurance, which provides or contracts to provide coverage
4 as a self-insurer for his or its employees, stockholders, or any other persons. This
5 Subsection shall not apply to: (1) the Office of Group Benefits; or (2) any plan of a
6 labor organization or fraternal organization to the extent that it provides benefits to
7 its members or the immediate family of its members, which benefits are supplemental
8 to an employer-sponsored benefit plan.

9 B.(1) Notwithstanding any other provision of law to the contrary, any entity
10 issuing or providing coverage in this state for health care services, whether the
11 coverage is by direct payment of or reimbursement for expenses incurred for such
12 services, or otherwise, shall be presumed to be subject to the jurisdiction of the
13 commissioner of insurance, unless the entity shows that, while providing the
14 coverage, it is subject to the jurisdiction of another department or agency of the state,
15 or any political subdivision of this state, or of the federal government.

16 (2) An entity providing or issuing coverage for health care services in this
17 state as described in Paragraph (1) of this Subsection may show that it is subject to
18 the jurisdiction of another department or agency of this state, any political subdivision
19 of this state, or the federal government by submitting to the commissioner of
20 insurance the appropriate certificate, license, or other document or documentary
21 evidence issued by such other governmental entity that authorizes or qualifies it to
22 issue or provide such coverage.

23 (3) Proof of jurisdiction by such other governmental agency shall be
24 submitted to the commissioner of insurance prior to the issuance or provision in this
25 state of any coverage as described in this Subsection. The commissioner of insurance
26 may take any action as may be authorized in this Title to enforce the provisions of this
27 Subsection.

28 (4) Any entity that fails to show that it is subject to the jurisdiction of any
29 other governmental entity as described in this Subsection shall be subject to all

appropriate provisions of this Title and shall submit to an examination by the commissioner of insurance to determine its organization and solvency and whether it is in compliance with the applicable provisions of this Title.

Section 2. R.S. 22:15, 22, 32(A)(1)(h), 49, 64(C), 65(5) and (7), 169, 246(D), 261, 435(B)(5), 454(E), 469(D), 487, 497, 554(E), 584(A)(16), 595, 724, 751(E)(5), 753(B)(2)(b), and Chapter 14 of Title 22 of the Louisiana Revised Statutes of 1950, comprised of R.S. 2271 through 2277, are hereby repealed in their entirety.

Section 3. The Louisiana State Law Institute is hereby directed to redesignate R.S. 22:20 as R.S. 22:1566, to redesignate Chapter 18 of Title 22 of the Louisiana Revised Statutes of 1950, comprised of R.S. 22:2391 through 2401, as Subpart N of Part III of Chapter 4 of Title 22 of the Louisiana Revised Statutes of 1950, to be comprised of R.S. 22:1260.1 through 1260.11, and to redesignate Chapter 19 of Title 22 of the Louisiana Revised Statutes of 1950, comprised of R.S. 22:2411 through 2436, as Subpart S of Part I of Chapter 2 of Title 22 of the Louisiana Revised Statutes of 1950, to be comprised of R.S. 22:550.1 through 550.26.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Kleckley

HB No. 404

Abstract: Provides for technical recodification of a portion of the Louisiana Insurance Code.

Proposed law makes numerous technical changes to present law, approximately one-third of the Louisiana Insurance Code, Title 22 of the Louisiana Revised Statutes of 1950. Such changes include correction of citations, updates of terms and language, reorganization of provisions, elimination of obsolete or ineffective provisions, such as transition provisions and past effective dates, and harmonizing of inconsistent provisions.

Proposed law further directs the Louisiana State Law Institute to redesignate certain provisions of present law, as follows:

- (1) R.S. 22:20 as R.S. 22:1566.
- (2) R.S. 22:2391 through 2401 as R.S. 22:1260.1 through 1260.11.
- (3) R.S. 22:2411 through 2436 as R.S. 22:550.1 through 550.26.

(Amends R.S. 22:2, 3, 11, 12, 14(A)(intro. para.) and (4) and (B), 16, 18, 19, 21, 23(A), (B), (C), and (D)(2), 24, 31, 32(A)(intro. para.) and (1)(f) and (j), (B), (C), and (E), 33(A)(intro. para.), 41(6) and (13), 43(B)(2), 46(1), (4), (5), (7), (8), (9)(b), (c), and (d), (11), (12), (13), and (15), 47(2), (3), (6), (8), (10)(b), (12), and (13)(a), 48(A), 61, 62(7) and (11), 63,

65(11)(c), 67(C), 68(C)(1), 69, 71, 72(C), 73, 81, 82(B), (C)(1)(a) and (b), and (D), 86, 88, 91, 94, 96(A), 111, 112(B) and (D), 116, 117, 119, 120(6), 124, 132(A), (B), and (D), 133, 135, 141, 142(C), 143(A)(4), 146(B), 148, 149, 150, 161(B), 165, 168, 171, 172, 175(intro. para.), 176, 177(B), 183, the title of Subpart G of Part I of Chapter 2 of Title 22 of the La. R.S., R.S. 22:191 through 194, 195(A) and (B)(1) and (2), 196, 197(A), 198 through 202, 204, 206, 208, 210(intro. para.), 211 through 215, 216(A) and (B), 236(11), 236.3(A), (B), and (D), 236.4(A), 242(3), (6), and (7), 243(D)(1) and (E)(3), 247, 249, 250(B), 252(C)(3) and (4), 254(C)(1), 255, 256(A), 260(A), 262(C), 266, 270(A), 272(F), 290(intro. para.) and (6), 310(A)(2), (B), and (D), 313, 331, 332(A)(4), 333(B) and (C), 337(A)(18) and (B), 340(A)(intro. para.), 347(D)(1), 361(4) and (5), 364(intro. para.) and (1), 365(A) and (C) through (F), 369(2) and (4), 371(A), 381(3), 384(intro. para.) and (1), 385(C), (D), and (E), 388.1, 393(A), 409, 413, 432, 433(A), 434, 435(B)(1)(a) and (b), (D), and (H)(1)(intro. para.) and (2), 436(A), (D)(2), and (G), 437, 438(A), 439(B) and (C), 440, 441(A)(3), (B), (C), and (D), 442(A), 443(A)(intro. para.) and (B), 445, the Title of Subpart P of Part I of Title 22 of the La. R.S., 451, 453(A), 455, 456, 457, 460(B) and (C), 461(A), (F), (G), (H), and (I), 465, 466, 467, 469(A), 481, 482(3)(intro. para.) and (12)(g)(ii), 483(A), 484(B)(1) and (2), (D)(1) and (2)(intro. para.), (H), and (K), 485(intro. para.), 490, 491(A) and (C), 492, 493, 494, 498(B), 511(B), 512(5), (6), (7), (8), (14), (16), and (17)(b)(intro. para.), 513, 515(C)(1)(intro. para.) and (b), 517, 518, 519, 520(A)(intro. para.) and (7) and (B), 521(A)(intro. para.), (B), and (D), 522, 523, 524, 525, 526(A), 527, 528(1) and (2), 529, 530, 531(A), 532(A)(intro. para.), (1)(intro. para.) and (a) and (3)(b) and (B)(2), (3)(b), (d), and (k)(intro. para.) and (ii), 533, 534, 536(A)(intro. para.) and (2), (B), and (D), the Title of Part II of Chapter 2 of the La. R.S., R.S. 22:551, 552(2), (4), and (5), 553, 554(A), (B), and (D), 555, and 556(A), (B), (C), and (D), 571, 572, 574(B)(1) and (D), 583, 584(A)(4), (5)(a)(i), (b)(intro. para.), and (h), (6), (9), (13), and (18)(b), (B), (D)(1)(b), (G)(2), (3), and (6), (L)(2), and (N), 586(B)(intro. para.), 588(A)(5), 589(A) and (B), 590(A), 593, 596, 598(intro. para.) and (8), 599(5), 601(F)(1), 611(4) and (11)(b), 613(A)(2) and (B)(1), 615(B), 616(B), 617(intro. para.), 618(A), 619(A), 620(C), 631(4) and (6), 634(A)(intro. para.) and (1), (B)(intro. para.) and (1) and (2), and (C)(1), 635(A)(intro. para.) and (1), (6)(b), and (8), (B)(intro. para.), and (C)(1), 636(A)(intro. para.) and (1) and (B), 637(A)(intro. para.) and (1) and (B), 638(2)(b) and (3), 651(D)(1), 654(A)(1), 661, 672, 673, 674(A)(3) and (B), 693(B)(2)(intro. para.), 694(D)(1)(intro. para.), 696(C), 699, 701, 703(A)(1)(b), 704(B)(2)(a)(intro. para.) and (b), 709(B), 710, 714, 715, 722, 723, 731(A)(3), 751(E)(intro. para.) and (F), 752(A), (B)(1), and (D)(1), 753(B)(1)(a), (b), (e), and (f), (2)(intro. para.) and (ii), (iii), and (v), (3)(a), (b)(i) and (ii), (c)(intro. para.) and (iii), (d)(iii) and (iv), (4)(a)(intro. para.), (b), and (c), (6)(a), (8)(b), (9), and (10), 754, 763, 768, 769, 770, 771, 781(C), (I)(3), and (J), 791 through 796, 802, 809(A), 821, 831, 832(A) and (B), 833(A), (B), and (C)(1), 834(B)(1) and (2), 835(A) and (C), 838, 839, 840, 842, 844, 845, and 846(A) and (B); Adds R.S. 22:46(19), (20), and (21), 74, and 971.1; Repeals R.S. 22:15, 22, 32(A)(1)(h), 49, 64(C), 65(5) and (7), 169, 246(D), 261, 435(B)(5), 454(E), 469(D), 487, 497, 554(E), 584(A)(16), 595, 724, 751(E)(5), 753(B)(2)(b), and 2271-2277)